

## **Gulf County, Florida**

### **Annual Financial Statements September 30, 2011**

## **Vance CPA, LLC**

*Certified Public Accountant*

6201 Thomas Drive

Panama City Beach, Florida 32408

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**BOARD OF COUNTY COMMISSIONERS**

Carmen L. McLemore – District 1

Ward McDaniel – District 2

Bill Williams – District 3

Tan Smiley – District 4

Warren Yeager – District 5

**CLERK OF THE CIRCUIT COURT**

Rebecca L. Norris

**SHERIFF**

Joe Nugent

**TAX COLLECTOR**

Shirley J. Jenkins

**PROPERTY APPRAISER**

Kesley Colbert

**SUPERVICOR OF ELECTIONS**

Linda Griffin

**COUNTY ADMINISTRATOR**

Don Butler

**COUNTY ATTORNEY**

Jeremy Novak

**GULF COUNTY, FLORIDA  
SEPTEMBER 30, 2011**

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**GULF COUNTY, FLORIDA**  
**SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

Honorable Members of the  
Board of County Commissioners  
Gulf County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gulf County, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the County's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2012, on our consideration of Gulf County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14, the schedules of funding progress and employer contributions for the retiree's Health Insurance Other Postemployment Benefits Plan on page 58 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gulf County, Florida's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by OMB Circular A-133 and chapter 10.550, *Rules of the Auditor General* of the State of Florida, and the combining nonmajor fund financial statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Vance CPA LLC*

**Vance CPA LLC**  
June 4, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis**

The Management of the Board of County Commissioners of Gulf County (County) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the County's financial activities, (c) identify changes in the County's financial position, (d) identify material deviations from the financial plan (approved budget), and (e) highlight significant issues in individual funds. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the County's financial statements.

The information presented in this financial statement is perhaps best understood when it is considered in the broader perspective of the environment in which the County operates.

### **General Information**

Gulf County was incorporated in 1925 and is located in northwest Florida on the Gulf of Mexico. With an area of 557 square miles and a population of just over 16,000, Gulf County is a sparse, low density county. Gulf County is a noncharter county governed by the Board of County Commissioners.

The Board of County Commissioners (Board) is the legislative and policy making body of the County. Each of the five commissioners is elected from a separate district. Annually, the Board elects a chairman that serves as the presiding officer. Elections are held every two years for staggered four year terms. The Board appoints the County Administrator to implement the policies of the Board, provide organizational leadership and direct business and administrative procedures.

Gulf County provides a broad range of services, including law enforcement; fire protection; rescue; emergency medical services; maintenance of streets, highways, bridges and traffic signals; parks; libraries; limited water and sewer systems; and certain other community and human services.

### **Financial Highlights**

- The County's total government-wide net assets increased 4% or \$1,859,931 from September 30, 2010, to September 30, 2011. The County's total business-type activity's net assets decreased by \$20,898 from the balance at the end of the prior year and only comprise 1% of the County's total net assets.
- During the year ended September 30, 2011, the County's general fund expenditures exceeded revenues by \$173,528, however, note the favorable variance when compared to budget as shown on page 20 of the attached financial statements. This may be compared to last year's results in which the County's general fund expenditures exceeded revenues by \$1,054,646, which was also favorable when compared to budget.
- For the year ended September 30, 2011, the County's capital assets net of accumulated depreciation increased by \$33,499, or less than .1%.



- The County's property tax base peaked in 2006-2007 at \$2,876,550,737 with slight reductions in 2007-2008 and 2008-2009. There was a significant decrease in the 2010-2011 property tax base to \$2,126,623,257. This is depicted later in a graph under the subheading Taxable Value of Property and Millage Rates.
- Gulf County, as well as the rest of Florida and the United States, is continuing to experience a slowdown in housing starts and real estate sales. The declining local economy is marked with new foreclosures and high unemployment rates. With certainty property values will again decline due to existing real estate sales; the decrease is estimated in the double digits. The reduced property tax base and current state of the economy will possibly negatively impact services to be provided by the County.
- The County consolidated several departments at the beginning of the 2010-2011 fiscal year in an effort to conserve funds and operate more efficiently. The departments that are now included in the consolidation are: work crews, maintenance, mosquito control, landfill, public works, and road department.
- Tourism is still an important economic factor in the County. It continues to be affected adversely by the downturn in the national economy.
- Sacred Heart Hospital on the Gulf, the new hospital located in Gulf County, part of the Sacred Heart Health System, is now operational, opening in March 2010. The County adopted by ordinance in 2005 a discretionary ½ cent small county surtax to help fund the construction of the hospital. An inter-local agreement was entered into with the City of Wewahitchka and the City of Port St. Joe whereby the County will receive all funds generated from the small county surtax and such funds will be used as set forth in the agreement. The additional tax was effective January 1, 2006.
- The County is beginning to assess and evaluate its current economic situation for use in the 2012-2013 budget process.
- To offset declining property values the County has the option of raising the millage rate up to the statutory maximum, 10 mills. This offset could be a combination of some increase to millage rates, further reductions in present funding levels to outside agencies, and elimination of non-essential services.

## Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the County's basic financial statements. The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

In addition, this report presents certain required supplementary information.

## Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. These statements combine and consolidate governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations. They include a *statement of net assets* and a *statement of activities* that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting.

- The *statement of net assets* provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the County.
- The *statement of activities* presents information showing how the County's net assets changed during the 2011 fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes earned, and earned but unused vacation leave). This statement is intended to summarize and simplify the user's analysis of cost of various governmental services. An increase or decrease in net assets is an indication of whether the County's financial health is improving or deteriorating.

Both of these financial statements present the functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public health and safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related activities. The business-type activities of the County include three separate water and sewer systems.

Over a period of time, changes in the County's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other nonfinancial factors, such as changes in the County's property tax base and the condition of the County's capital assets including infrastructure assets.

## Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or major funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the County's funds may be classified in the broad category of *governmental funds*, *proprietary funds*, and *fiduciary (agency) funds* as discussed below.

- Governmental funds – these funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.
- Proprietary funds – the County maintains one type of proprietary funds which is the enterprise funds. These funds are used to report business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to water and sewer systems in Gulf County. The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- Fiduciary (agency) funds – fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources are not available to support the County's programs. In its fiduciary capacity, the County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

## Infrastructure Assets

Generally a government's largest group of assets (infrastructure – roads, bridges, traffic signals, and underground pipes not associated with a utility, etc.) are not reported nor depreciated in governmental fund financial statements. GASB Statement No. 34 requires these assets be valued and reported in the governmental column of the government-wide statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government elects the asset management (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its costs of maintenance in lieu of depreciation. The County has elected to depreciate its infrastructure assets.

## Government-wide Financial Analysis

### Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. County's assets exceeded liabilities (governmental and business-type activities) by approximately \$48 million at the close of the fiscal year ended September 30, 2011, and \$46 million at September 30, 2010.

Net Assets						
September 30,	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$20,534,693	\$20,484,035	\$ 25,985	\$ 25,847	\$20,560,678	\$ 20,509,882
Capital assets, net	48,234,981	48,180,446	362,451	383,487	48,597,432	48,563,933
Deferred charges & Other restricted assets	<u>1,869,672</u>	<u>1,966,864</u>	<u>—</u>	<u>—</u>	<u>1,869,672</u>	<u>1,966,864</u>
Total assets	<u>70,639,346</u>	<u>70,631,345</u>	<u>388,436</u>	<u>409,334</u>	<u>71,027,782</u>	<u>71,040,679</u>
Current liabilities	2,001,929	1,993,690	—	—	2,001,929	1,993,690
Long-term liabilities	<u>20,893,618</u>	<u>22,753,787</u>	<u>—</u>	<u>—</u>	<u>20,893,618</u>	<u>22,753,787</u>
Total liabilities	<u>22,895,547</u>	<u>24,747,477</u>	<u>—</u>	<u>—</u>	<u>22,895,547</u>	<u>24,747,477</u>
Net assets in invested in capital assets, net of related debt	31,123,462	29,198,760	362,451	383,487	31,485,913	29,582,247
Net assets - Restricted	9,323,956	4,112,667	—	—	9,323,956	4,112,667
Net assets - Unrestricted	<u>7,296,381</u>	<u>12,572,441</u>	<u>25,985</u>	<u>25,847</u>	<u>7,322,366</u>	<u>12,598,288</u>
Total net assets	<u>\$47,743,799</u>	<u>\$45,883,868</u>	<u>\$ 388,436</u>	<u>\$ 409,334</u>	<u>\$48,132,235</u>	<u>\$46,293,202</u>

## Statement of Activities

The following schedule summarizes revenues and expenses for years ended September 30, 2011 and 2010:

Changes in Net Assets						
Year Ended September 30,	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Program Revenues -</b>						
Charges for services	\$ 2,016,140	\$ 2,339,766	\$ —	\$ —	\$ 2,016,140	\$ 2,339,766
Operating grants and contributions	3,607,030	2,703,498	—	—	3,607,030	2,703,498
Capital grants and contributions	2,165,243	2,481,926	—	—	2,165,243	2,481,926
<b>General Revenues -</b>						
Property taxes	11,085,461	13,559,691	—	—	11,085,461	13,559,691
Sales taxes	3,453,469	2,930,931	—	—	3,453,469	2,930,931
State shared revenue	2,452,278	1,552,904	—	—	2,452,278	1,552,904
Investment earnings	151,359	294,036	138	—	151,497	294,454
Other	1,211,544	848,633	—	418	1,211,544	848,633
Transfers	—	90,824	—	(90,824)	—	—
Total revenues	<u>26,142,524</u>	<u>26,802,209</u>	<u>138</u>	<u>(90,406)</u>	<u>26,142,662</u>	<u>26,711,803</u>
<b>Expenses</b>						
General government	5,186,456	5,447,070	—	—	5,186,456	5,447,070
Public safety	7,879,372	7,515,179	—	—	7,879,372	7,515,179
Physical environment	3,102,414	3,095,912	—	—	3,102,414	3,095,912
Transportation	2,467,470	2,181,876	—	—	2,467,470	2,181,876
Economic environment	1,765,485	1,347,738	—	—	1,765,485	1,347,738
Human services	2,010,361	1,773,426	—	—	2,010,361	1,773,426
Culture and recreation	435,244	394,689	—	—	435,244	394,689
Court related	573,378	658,159	—	—	573,378	658,159
Interest and other charges	862,413	1,284,990	—	—	862,413	1,284,990
Utilities	—	—	21,036	21,036	21,036	21,036
Total expenditures	<u>24,282,593</u>	<u>23,699,039</u>	<u>21,036</u>	<u>21,036</u>	<u>24,303,629</u>	<u>23,720,075</u>
<b>Change in net assets</b>	<u>\$ 1,859,931</u>	<u>\$ 3,103,170</u>	<u>\$ (20,898)</u>	<u>\$ (111,442)</u>	<u>\$ 1,839,033</u>	<u>\$ 2,991,728</u>

## Financial Analysis of Individual Funds

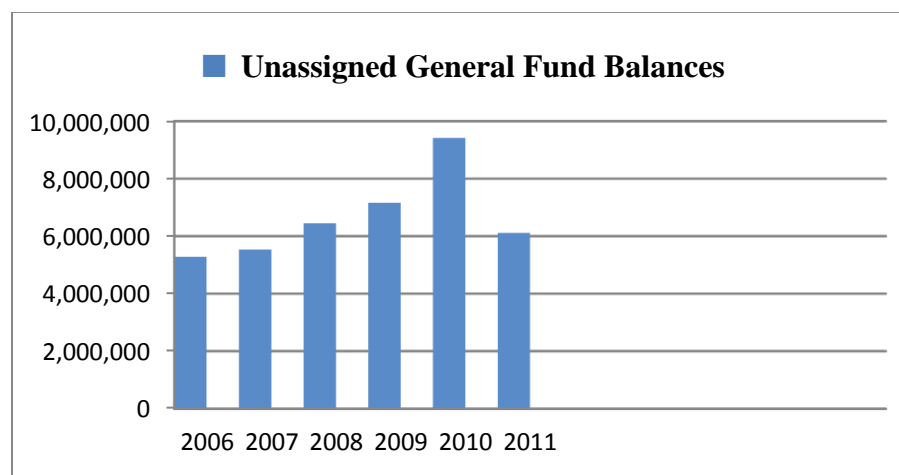
This section provides an analysis of the balances and transactions of individual funds. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The primary purpose of the County's *governmental funds* is to provide information on near-term inflows, outflow, and balances of *spendable resources*. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as useful measure of a government's net resources, available for spending, at the end of the current and prior fiscal year.

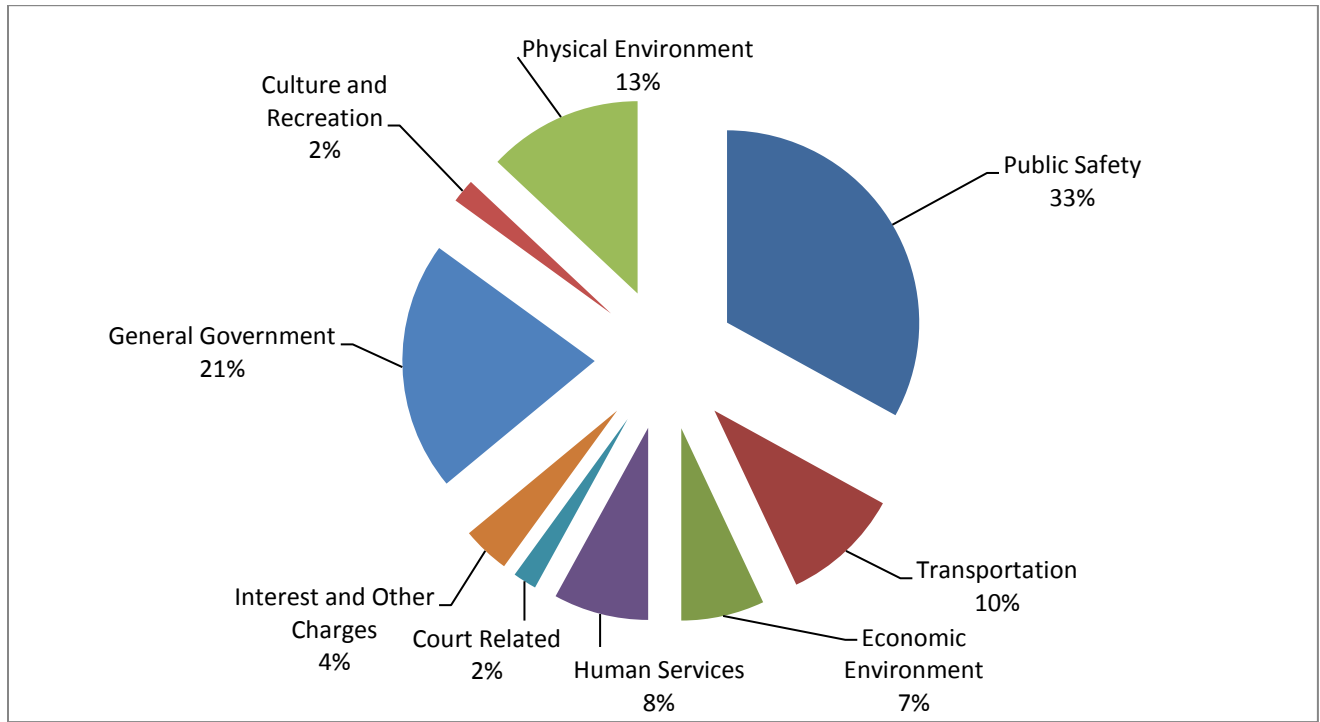
As of September 30, 2011 Gulf County governmental funds reported combined fund balances of \$19,512,995, as decrease of \$330,105 when compared to prior year combined fund balances. The governmental funds had non-spendable fund balances of \$47,413. The restricted fund balance was \$9,323,956 and consists of monies whose expenditure is externally constrained by grantors, creditors, binding law or enabling legislation. Of the remaining \$10,141,626 in fund balance, \$228,855 is classified as committed, \$3,795,962 is recorded as assigned and \$6,116,809 is recorded as unassigned.

- **General Fund Unrestricted/Undesignated Fund Balance.** As depicted in the following graph, the unassigned fund balance of the Board's general fund (the general operating fund of the County) decreased over the past year. This is primarily due to the change in reporting Fund Balance required by GASB 54.



- **Governmental Activities Expenses by Functions**

The following graph depicts the County's total governmental activities expenses by function for the fiscal year ending September 30, 2011.



## Major Funds

### Governmental Funds

The general, fines and forfeitures, construction and acquisition, beach renourishment, and debt service public improvement funds are reported as major governmental funds.

- The general fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the general fund.

General operating funds of the Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector, and Supervisor of Elections represent funds included in the County's general fund that are held and accounted for individually, but presented with the balance of the Board of County Commissioners' operating funds.

- The State Housing Initiative Partnership (SHIP) is used to account for the county's activity to produce and preserve affordable homeownership.

## **Proprietary Funds**

The County owns the two remaining water systems, Williamsburg/Methodist Hill and Oak Grove. The City of Wewahitchka operates the Williamsburg/Methodist Hill Water System. Although there is not an active inter-local agreement this water system continues to be operated by the City of Wewahitchka under the terms of the 1993 inter-local agreement which terminated in 1994. The City of Port St. Joe operates the Oak Grove Water System. Neither one of these water systems brings any revenue to the County. The only expense to the County for either of these two water systems is depreciation. There was a budgeted inter-fund transfer to the general fund from the Oak Grove Water System to pay for sidewalks in the Oak Grove area and a transfer from Highland View Water System to general fund to close out the fund.

## **Budget Variances in Major Funds**

The following budget variances occurred in the major funds during the year ended September 30, 2011.

- General fund tax revenue has a negative budget variance of \$209,724 because ad valorem taxes were budgeted as if 100% of the assessed amount would be collected. Approximately 96% of budgeted ad valorem taxes were received which is considered within the normal range.
- Intergovernmental revenue (federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes) is \$1,423,888 less than budgeted in the general fund. Several grants were neither completed nor started in the 2010-2011 fiscal year as originally anticipated therefore actual revenues are less than budgeted.
- General fund charges for services include County officer fees, ambulance fees, and tipping fees. The positive variance of \$120,763 is partly because of the commission earned from tax certificates sold for 2010 taxes, additional tipping fees for charges at the landfill, and increased ambulance revenue.
- General fund miscellaneous revenue shows a positive variance of \$131,721. This positive variance is from a combination of rent, sales of fixed assets and surplus material scrap, BP Deepwater Horizon reimbursements and contributions not originally anticipated.
- All functionally categorized expenditures are less than budgeted with the exception of Debt Service and Capital Outlay. As explained above (Intergovernmental revenue) several grant projects were neither completed nor started in the 2010-2011 fiscal year as originally anticipated therefore actual expenditures reported are less than intended.
- State Housing Initiative Partnership intergovernmental revenue (state grant) is \$274,401 less than budgeted. The allocation from the state was not completely expended in the 2010-2011 fiscal year as originally anticipated therefore actual revenues are less than budgeted. This is also the reason expenditures are less than budgeted. Recaptured funds of \$24,000 and interest of \$2,437 were not anticipated causing a positive variance of \$11,436.

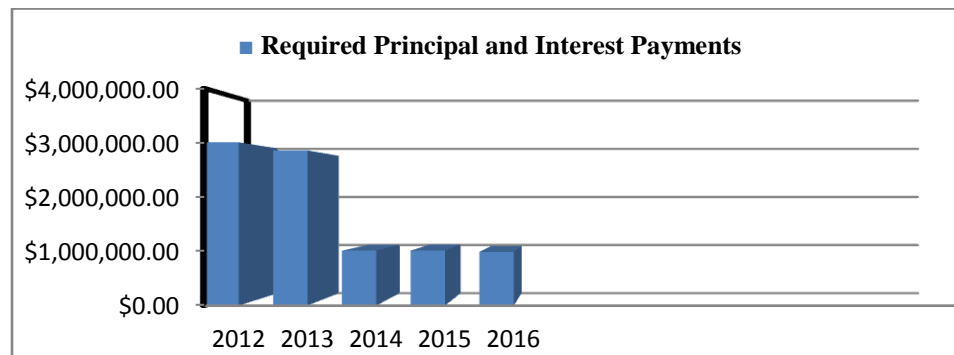


Other variances disclosed on the major fund budget and actual statements and not noted herein are within expected ranges.

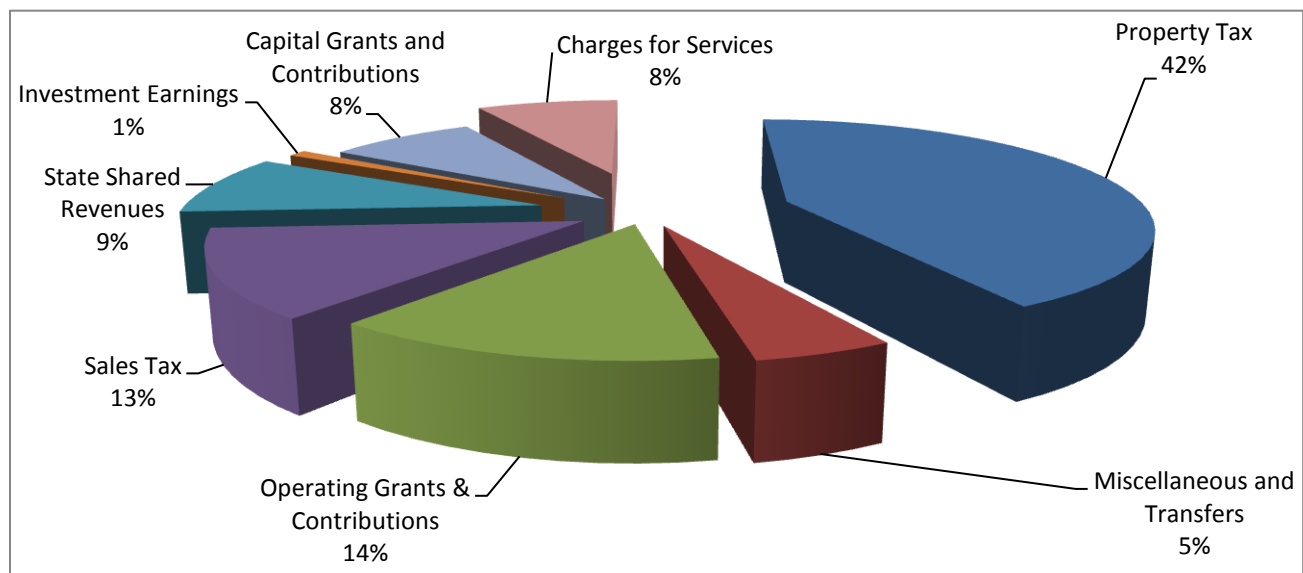
It should be noted that budget expenditure variances shown on the individual major funds are favorable in total.

### Capital Assets and Long-Term Debt

- The only additional debt incurred in 2010-2011 was \$114,686 to finance vehicles for the Sheriff and copiers of the Clerk.
- **Governmental Funds Outstanding Debt.** The following graph depicts future principal and interest payments required to be paid by the County from governmental fund resources on outstanding debt as of September 30, 2011. *Not shown on this graph are existing scheduled debt repayments for years 2017 through 2032.*



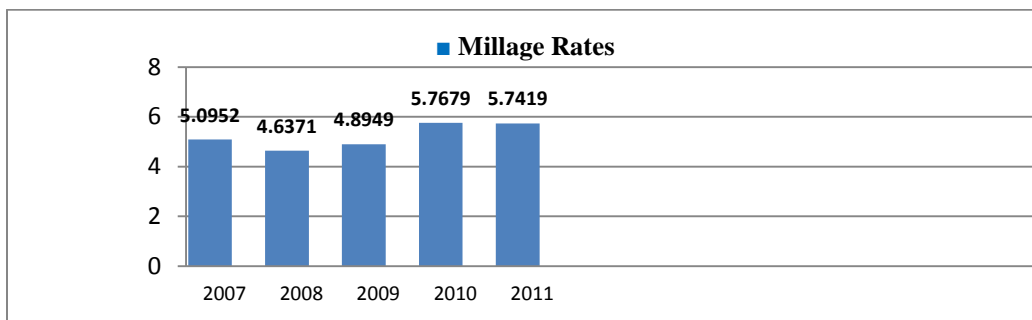
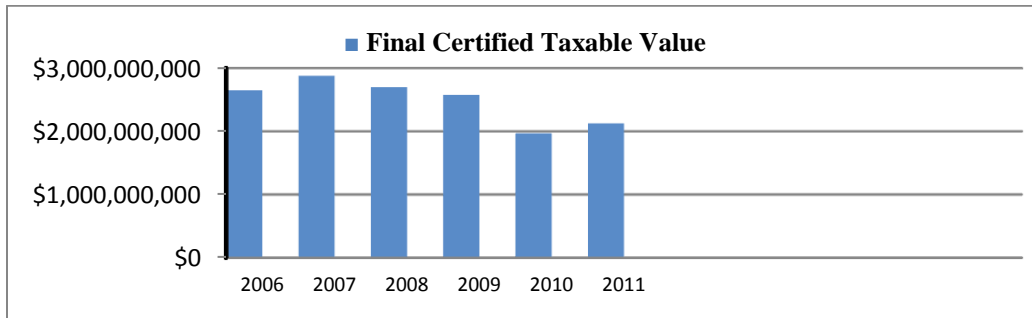
**Governmental Activities Revenues by Source.** The following graph depicts the County's total governmental activities revenue by source for the fiscal year.



## Significant Economic Factors

### Taxable Value of Property and Millage Rates

#### Certified Taxable Value by Fiscal Year



#### Requests for Information

This report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rebecca L. Norris, Clerk of Circuit Court of Gulf County  
1000 Cecil G. Costin, Sr. Blvd., Room 148  
Port St. Joe, Florida 32456

## **BASIC FINANCIAL STATEMENTS**

**GULF COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 16,831,124	\$ 25,985	\$ 16,857,109
Receivables (net)			
Accounts	690,688	—	690,688
Notes receivable	55,866	—	55,866
Prepaid expense	17,190	—	17,190
Due from other governments	2,939,825	—	2,939,825
<b>Total Current Assets</b>	<b><u>20,534,693</u></b>	<b><u>25,985</u></b>	<b><u>20,560,678</u></b>
Noncurrent assets			
Restricted cash and cash equivalents	1,453,646	—	1,453,646
Capital assets			
Nondepreciable	5,316,254	737	5,316,991
Depreciable (net)	42,918,727	361,714	43,280,441
Unamortized bond issue costs	416,026	—	416,026
<b>Total Noncurrent Assets</b>	<b><u>50,104,653</u></b>	<b><u>362,451</u></b>	<b><u>50,467,104</u></b>
<b>Total Assets</b>	<b><u>70,639,346</u></b>	<b><u>388,436</u></b>	<b><u>71,027,782</u></b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	1,519,841	—	1,519,841
Due to other governments	13,459	—	13,459
Deferred revenue	468,629	—	468,629
<b>Total Current Liabilities</b>	<b><u>2,001,929</u></b>	<b><u>—</u></b>	<b><u>2,001,929</u></b>
Noncurrent liabilities			
Due in less than one year			
Compensated absences	291,766	—	291,766
Installment contracts and notes payable	219,080	—	219,080
Bonds payable	2,105,000	—	2,105,000
Due in more than one year			
Compensated absences	875,298	—	875,298
Installment contracts and notes payable	127,439	—	127,439
Bonds payable	14,660,000	—	14,660,000
Other postemployment benefits	176,739	—	176,739
Landfill closure liability	2,438,296	—	2,438,296
<b>Total Noncurrent Liabilities</b>	<b><u>20,893,618</u></b>	<b><u>—</u></b>	<b><u>20,893,618</u></b>
<b>Total Liabilities</b>	<b><u>22,895,547</u></b>	<b><u>—</u></b>	<b><u>22,895,547</u></b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	31,123,462	362,451	31,485,913
Restricted for			
Debt service	2,439,992	—	2,439,992
Tourist Development	1,186,540	—	1,186,540
Conservation	2,301,486	—	2,301,486
Transportation	366,878	—	366,878
Public Safety	1,520,592	—	1,520,592
Public Health	723,068	—	723,068
Court Functions	409,131	—	409,131
Other purposes	376,269	—	376,269
Unrestricted	7,296,381	25,985	7,322,366
<b>Total Net Assets</b>	<b><u>\$ 47,743,799</u></b>	<b><u>\$ 388,436</u></b>	<b><u>\$ 48,132,235</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

		Net (Expense) Revenue and Changes in Net Assets					
		Program Revenues			Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Primary government</b>							
Governmental activities							
General government	\$ 5,186,456	\$ 467,941	\$ 1,418	\$ 126,326	\$ (4,590,771)	\$ —	\$ (4,590,771)
Public safety	7,879,372	1,237,223	264,966	178,992	(6,198,191)	—	(6,198,191)
Physical environment	3,102,414	143,001	1,791,305	210,015	(958,093)	—	(958,093)
Transportation	2,467,470	—	598,976	1,608,349	(260,145)	—	(260,145)
Economic environment	1,765,485	—	760,923	—	(1,004,562)	—	(1,004,562)
Human services	2,010,361	—	39,000	—	(1,971,361)	—	(1,971,361)
Culture and recreation	435,244	19,462	47,716	41,561	(326,505)	—	(326,505)
Court related	573,378	148,513	102,726	—	(322,139)	—	(322,139)
Interest & other charges	862,413	—	—	—	(862,413)	—	(862,413)
Total Governmental Activities	<u>24,282,593</u>	<u>2,016,140</u>	<u>3,607,030</u>	<u>2,165,243</u>	<u>(16,494,180)</u>	<u>—</u>	<u>(16,494,180)</u>
<b>Business-Type Activities</b>							
Water	21,036	—	—	—	—	(21,036)	(21,036)
<b>Total Primary Government</b>	<b><u>\$24,303,629</u></b>	<b><u>\$2,016,140</u></b>	<b><u>\$3,607,030</u></b>	<b><u>\$ 2,165,243</u></b>	<b><u>(16,494,180)</u></b>	<b><u>(21,036)</u></b>	<b><u>(16,515,216)</u></b>
<b>General Revenues:</b>							
Taxes:							
Property tax					11,085,461	—	11,085,461
Sales tax					3,453,469	—	3,453,469
State shared revenues					2,452,278	—	2,452,278
Investment earnings					151,359	138	151,497
Miscellaneous					<u>1,211,544</u>	<u>—</u>	<u>1,211,544</u>
Total General Revenues					<u>18,354,111</u>	<u>138</u>	<u>18,354,249</u>
Changes in Net Assets					1,859,931	(20,898)	1,839,033
Net Assets – Beginning of Year					<u>45,883,868</u>	<u>409,334</u>	<u>46,293,202</u>
Net Assets – End of Year					<b><u>\$ 47,743,799</u></b>	<b><u>\$ 388,436</u></b>	<b><u>\$ 48,132,235</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>	<b>State Housing Initiative Partnership</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,483,528	\$ 346,672	\$ 8,000,924	\$ 16,831,124
Due from other funds	207,432	700	21,716	229,848
Due from other governments	2,537,001	—	402,824	2,939,825
Accounts receivable (net)	351,381	—	301,049	652,430
Prepaid expense	17,190	—	—	17,190
Notes receivable	—	55,866	—	55,866
Restricted assets				
Cash and cash equivalents	<u>1,453,646</u>	<u>—</u>	<u>—</u>	<u>1,453,646</u>
<b>Total Assets</b>	<b><u>13,050,178</u></b>	<b><u>403,238</u></b>	<b><u>8,726,513</u></b>	<b><u>22,179,929</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Vouchers payable	1,184,707	—	335,134	1,519,841
Due to other governments	13,459	—	—	13,459
Due to other funds	190,986	—	604	191,590
Deferred revenues	<u>349,382</u>	<u>333,061</u>	<u>259,601</u>	<u>942,044</u>
<b>Total Liabilities</b>	<b><u>1,738,534</u></b>	<b><u>333,061</u></b>	<b><u>595,339</u></b>	<b><u>2,666,934</u></b>
<b>Fund Balance</b>				
Nonspendable	47,413	—	—	47,413
Restricted	1,566,693	70,177	7,687,086	9,323,956
Committed	35,462	—	193,393	228,855
Assigned	3,545,267	—	250,695	3,795,962
Unassigned	<u>6,116,809</u>	<u>—</u>	<u>—</u>	<u>6,116,809</u>
<b>Total fund balance</b>	<b><u>11,311,644</u></b>	<b><u>70,177</u></b>	<b><u>8,131,174</u></b>	<b><u>19,512,995</u></b>
<b>Total Liabilities &amp; Fund Balance</b>	<b><u>\$ 13,050,178</u></b>	<b><u>\$ 403,238</u></b>	<b><u>\$ 8,726,513</u></b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	48,234,981
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(20,893,618)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>889,441</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 47,743,799</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>	<b>State Housing Initiative Partnership</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 9,336,962	\$ —	\$ 4,100,754	\$ 13,437,716
Licenses and permits	164,322	—	—	164,322
Intergovernmental	5,928,445	25,599	3,043,061	8,997,105
Fines and forfeitures	13,010	—	—	13,010
Charges for services	1,467,393	—	85,832	1,553,225
Investment earnings and other	<u>460,402</u>	<u>26,436</u>	<u>923,124</u>	<u>1,409,962</u>
<b>Total Revenues</b>	<b><u>17,370,534</u></b>	<b><u>52,035</u></b>	<b><u>8,152,771</u></b>	<b><u>25,575,340</u></b>
<b>EXPENDITURES</b>				
Current				
General government	4,536,878	—	16,499	4,553,377
Public safety	6,361,959	—	413,455	6,775,414
Physical environment	800,708	—	2,028,228	2,828,936
Transportation	1,487,648	—	257,103	1,744,751
Economic environment	256,355	25,599	1,433,720	1,715,674
Human services	764,617	—	1,060,480	1,825,097
Culture and recreation	291,941	—	1,326	293,267
Court related	529,709	—	44,740	574,449
Debt service	127,030	—	2,918,412	3,045,442
Capital outlay	<u>2,040,161</u>	<u>—</u>	<u>630,388</u>	<u>2,670,549</u>
<b>Total Expenditures</b>	<b><u>17,197,006</u></b>	<b><u>25,599</u></b>	<b><u>8,804,351</u></b>	<b><u>26,026,956</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>173,528</u>	<u>26,436</u>	<u>(651,580)</u>	<u>(451,616)</u>
<b>Other financing sources (uses)</b>				
Transfers in	120,197	—	5,000	125,197
Transfers out	(24,415)	—	(100,782)	(125,197)
Debt issuance	<u>121,511</u>	<u>—</u>	<u>—</u>	<u>121,511</u>
<b>Total other financing sources (uses)</b>	<b><u>217,293</u></b>	<b><u>—</u></b>	<b><u>(95,782)</u></b>	<b><u>121,511</u></b>
Net change in Fund Balance	390,821	26,436	(747,362)	(330,105)
Fund balance - beginning	<u>10,920,823</u>	<u>43,741</u>	<u>8,878,536</u>	<u>19,843,100</u>
<b>Fund balance - ending</b>	<b><u>\$ 11,311,644</u></b>	<b><u>\$ 70,177</u></b>	<b><u>\$ 8,131,174</u></b>	<b><u>\$ 19,512,995</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2011**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds (page 17)	\$ (330,105)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities net of accumulated depreciation.	(162,362)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net assets.	2,183,029
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(208,174)
The issuance of long-term debt provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(121,511)
Amortization of bond issuance costs is recognized over the life of the bond on the statement of net assets, but expenses in the governmental funds.	(68,130)
The fair market value of donated assets is considered revenue in the statement of activities but do not provide current financial resources, therefore is not reported as revenue in the funds.	126,326
Certain revenues not considered available are not recognized in the governmental funds but are included in the statement of activities.	<u>440,858</u>
<b>Change in net assets of governmental activities (page 15)</b>	<b><u>\$ 1,859,931</u></b>

See accompanying notes to the basic financial statements



**GULF COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Budget Positive (Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 9,547,040	\$ 9,546,686	\$ 9,336,962	\$ (209,724)
Licenses and permits	129,850	129,850	164,322	34,472
Intergovernmental	5,445,156	7,352,333	5,928,445	(1,423,888)
Fines and forfeitures	4,800	11,258	13,010	1,752
Charges for services	1,331,630	1,346,630	1,467,393	120,763
Miscellaneous revenues	<u>123,365</u>	<u>328,681</u>	<u>460,402</u>	<u>131,721</u>
<b>Total revenues</b>	<u>16,581,841</u>	<u>18,715,438</u>	<u>17,370,534</u>	<u>(1,344,904)</u>
<b>Expenditures:</b>				
Current				
General government	5,306,614	5,337,251	4,536,878	800,373
Public safety	5,830,633	6,589,247	6,361,959	227,288
Physical environment	698,755	904,512	800,708	103,804
Transportation	3,917,287	3,431,084	1,487,648	1,943,436
Economic environment	265,819	282,319	256,355	25,964
Human services	866,943	872,552	764,617	107,935
Culture and recreation	307,865	339,865	291,941	47,924
Court related	499,753	616,835	529,709	87,126
Debt service	110,000	110,000	127,030	(17,030)
Capital outlay	<u>418,510</u>	<u>1,990,886</u>	<u>2,040,161</u>	<u>(49,275)</u>
<b>Total expenditures</b>	<u>18,222,179</u>	<u>20,474,551</u>	<u>17,197,006</u>	<u>3,277,545</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,640,338)</u>	<u>(1,759,113)</u>	<u>173,528</u>	<u>1,932,641</u>
<b>Other financing sources (uses)</b>				
Transfers in	100,000	100,000	120,197	20,197
Transfers out	(288,109)	(305,144)	(24,415)	280,729
Debt issuance	<u>—</u>	<u>102,941</u>	<u>121,511</u>	<u>18,570</u>
<b>Total other financing Sources (uses)</b>	<u>(188,109)</u>	<u>(102,203)</u>	<u>217,293</u>	<u>319,496</u>
<b>Net change in fund balance</b>	<u>(1,828,447)</u>	<u>(1,861,316)</u>	<u>390,821</u>	<u>2,252,137</u>
<b>Fund balance - beginning</b>	<u>10,920,823</u>	<u>10,920,823</u>	<u>10,920,823</u>	<u>—</u>
<b>Fund balance - ending</b>	<u><b>\$ 9,092,376</b></u>	<u><b>\$ 9,059,507</b></u>	<u><b>\$ 11,311,644</b></u>	<u><b>\$ 2,252,137</b></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – STATE HOUSING INITIATIVE PARTNERSHIP**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final</b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Amounts</u></b>	<b><u>Budget Positive</u></b> <b><u>(Negative)</u></b>
<b>Revenues:</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 25,599	\$ (274,401)
Investment earnings and other	<u>15,000</u>	<u>15,000</u>	<u>26,436</u>	<u>11,436</u>
<b>Total revenues</b>	<u>315,000</u>	<u>315,000</u>	<u>52,035</u>	<u>(262,965)</u>
<b>Expenditures:</b>				
Current				
Economic Environment	<u>330,000</u>	<u>330,000</u>	<u>25,599</u>	<u>304,401</u>
<b>Total expenditures</b>	<u>330,000</u>	<u>330,000</u>	<u>25,599</u>	<u>304,401</u>
<b>Excess (deficit) of revenues</b> <b>over (under) expenditures</b>	(15,000)	(15,000)	26,436	41,436
<b>Fund balances - beginning</b>	<u>43,741</u>	<u>43,741</u>	<u>43,741</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><b>\$ 28,741</b></u>	<u><b>\$ 28,741</b></u>	<u><b>\$ 70,177</b></u>	<u><b>\$ 41,436</b></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2011**

	<b>Business-type Activities/Enterprise Funds</b>		
	<b>Oak Grove</b>	<b>Williamsburg and Methodist Hill</b>	<b>Total Business-type Funds</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 25,985	\$ —	\$ 25,985
<b>Total current assets</b>	<u>25,985</u>	<u>—</u>	<u>25,985</u>
Noncurrent assets			
Capital assets			
Land	737	—	737
Buildings and utility system	269,453	571,925	841,378
Less allowance for depreciation	<u>(222,290)</u>	<u>(257,374)</u>	<u>(479,664)</u>
<b>Total noncurrent assets</b>	<u>47,900</u>	<u>314,551</u>	<u>362,451</u>
<b>Total assets</b>	<u>73,885</u>	<u>314,551</u>	<u>388,436</u>
<b>Liabilities</b>			
<b>Total liabilities</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	47,900	314,551	362,451
Unrestricted	<u>25,985</u>	<u>—</u>	<u>25,985</u>
<b>Total net assets</b>	<u><b>\$ 73,885</b></u>	<u><b>\$ 314,551</b></u>	<u><b>\$ 388,436</b></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Business-type Activities/Enterprise Funds</u>		
	<u>Oak Grove</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
<b>Operating revenues</b>			
Charges for services	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
<b>Operating expenses</b>			
Depreciation	<u>6,736</u>	<u>14,300</u>	<u>21,036</u>
<b>Total operating expenses</b>	<u>6,736</u>	<u>14,300</u>	<u>21,036</u>
<b>Operating income (loss)</b>	<u>(6,736)</u>	<u>(14,300)</u>	<u>(21,036)</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	<u>138</u>	<u>—</u>	<u>138</u>
<b>Total nonoperating revenues (expenses)</b>	<u>138</u>	<u>—</u>	<u>138</u>
<b>Change in net assets</b>	(6,598)	(14,300)	(20,898)
<b>Net assets - beginning</b>	<u>80,483</u>	<u>328,851</u>	<u>409,334</u>
<b>Net assets - ending</b>	<u><u>\$ 73,885</u></u>	<u><u>\$ 314,551</u></u>	<u><u>\$ 388,436</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Business-type Activities/Enterprise Funds</u>		
	<u>Oak Grove</u>	<u>Williamsburg and Methodist Hill</u>	<u>Total Business-type Funds</u>
<b>Investing activities</b>			
Interest earned	\$ 138	\$ —	\$ 138
<b>Net increase in cash and cash equivalents</b>	138	—	138
<b>Cash and cash equivalents – beginning</b>	<u>25,847</u>	<u>—</u>	<u>25,847</u>
<b>Cash and cash equivalents – ending</b>	<u><u>\$ 25,985</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 25,985</u></u>

(continued)

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Business-type Activities/Enterprise Funds</u>		
		<b>Williamsburg and Methodist Hill</b>	<b>Total Business-type Funds</b>
	<b>Oak Grove</b>		
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ (6,736)	\$ (14,300)	\$ (21,036)
Adjustments to reconcile Operating income (loss) To net cash provided By (used in ) operating			
Depreciation	<u>6,736</u>	<u>14,300</u>	<u>21,036</u>
Total adjustments	<u>6,736</u>	<u>14,300</u>	<u>21,036</u>
<b>Net cash provided by (used in) operating activities</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2011**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 720,503
Accounts receivable (net)	2,290
Due from other funds	<u>677</u>
<b>Total Assets</b>	<b><u>723,470</u></b>
<b>Liabilities</b>	
Accounts payable	1,699
Due to individuals	522,103
Due to other funds	38,935
Due to other governments	<u>160,733</u>
<b>Total Liabilities</b>	<b><u>\$ 723,470</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

Gulf County, Florida (County) located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 16,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The County is governed by a five-member elected Board of County Commissioners (Board), which derives its authority from Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board and unexpended funds are returned to the Board. The Clerk of the Circuit Court operates as a fee officer by retaining various fees collected by this office and billing the Board for certain services provided. Separate accounting records and budgets are maintained by each individual office.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial reporting entity consists of the primary government (composed of the Board of County Commissioners and Constitutional Officers) and the County's component units, for which the primary government is considered to be financially accountable. Also included are other entities whose exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each potential component unit is individually evaluated using specific criteria outlined in GASB Statement No. 14 to determine whether the entity is: a) part of the primary government; b) a component unit which should be included in the reporting entity (blended or discretely presented); or c) an organization which should be excluded from the reporting entity entirely. The principal criteria for classifying a potential component unit include the legal separateness of the organization, the financial accountability of the primary government for the potential component unit resulting from either the primary government's ability to impose its will on the potential component unit's fiscal dependency on the primary government. The dependent special districts, Howard Creek Fire Control, Overstreet Fire Control, St. Joe Fire Control, Tupelo Fire Control, and Highland View Water and Sewer District are considered component units, and are blended in the financial statements of the County as part of the enterprise funds and the special revenue funds. There are no other entities for which there were positive responses to specific criteria used for establishing oversight responsibility that were excluded from the County's financial statements.



**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County was established by the constitution of the State of Florida, Article VIII, Section 1 (e). Dependent special districts were created as follows: Highland View Water and Sewer District, Laws of Florida Chapter 61-2212; Howard Creek Fire District, Laws of Florida Chapter 79-467; Overstreet Fire District, Laws of Florida Chapter 78-513; St. Joe Fire District, Laws of Florida Chapter 47-24541; and Tupelo Fire District, Laws of Florida Chapter 70-696.

All fire Districts were conformed and re-established by County Ordinance #1996-12.

The accounting policies of the County conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the significant accounting policies.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County reports two major governmental funds:

- General Fund – The general fund is the County’s primary operating fund. It is used to account for all resources traditionally associated with governmental activities except those required to be accounted for in other funds.
- State Housing Initiative Partnership – This fund is used to account for activity relating to the State Housing Initiative Partnership revenues and expenses.

The County reports each of the enterprise funds as major funds. Each fund is used to account for activity of the utility for area served.

The County reports one type of fiduciary fund, agency funds which are used to account for the collection and disbursement of funds by the County on behalf of other governments and individuals.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The County’s enterprise activities are operated and maintained by local cities. The County receives the amounts billed to customers for the required debt service and bond payments. The terms of these interlocal agreements are described in note 18.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Enterprise Activities

For enterprise activities, the County applies all applicable GASB pronouncements. Additionally, the County applies pronouncements issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB) and its predecessor bodies, unless those pronouncements conflict with or contradict GASB pronouncements. Pursuant to GASB Statement No. 20, the county has elected not to apply FASB statements and interpretations issued after November 30, 1989.

E. Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

The budgetary information presented for the general fund and any major governmental funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of those deposits made locally in commercial banks and investments purchased through the State Board of Administration and the Florida Local Government Investment Trust. All deposits in commercial banks are with qualified public depositories authorized by Chapter 280, Florida Statutes. The deposits are insured through FDIC and Florida's multiple financial institution collateral pool. The State Board of Administration and the Florida Local Government Investment Trust deposits are maintained in investment pools which invest primarily in highly liquid commercial paper, repurchase agreements, bankers' acceptance notes and United States Government obligations. The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in reporting on investments owned. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

G. Accounts Receivable

The County's and its component units accounts receivable, other than ambulance service accounts receivable as described in note – 12, are deemed to be entirely collectible. Therefore, an allowance for uncollectible accounts receivable has not been recorded.

H. Due from (to) Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" when applicable.

I. Inventories

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. The balance of physical inventory on hand at fiscal year-end has not been recorded because the amount is not considered material.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Machinery and equipment with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost when purchased or constructed or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend its useful life is expenses as incurred.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Buildings	50 - years
Improvements	50 - years
Machinery and equipment	5-20 years
Infrastructure	15-25 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during the construction period is not capitalized.

**K. Deferred Revenues**

Deferred revenues reported in the government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

**L. Compensated Absences**

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

Both the current and long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

M. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2011 millage rate assessed by the County was 5.7419 mills.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millage rates into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities.

All property is assessed according to its fair market value January 1, of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

N. Implementation of New GASB Pronouncements

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the fiscal year ended September 30, 2011. This GASB statement clarifies governmental fund balance classifications and fund type definitions. The basis for the division of fund balances is the level of constraint limiting the use of the resources reported in the governmental funds. GASB Statement No. 54 became effective for financial statement periods beginning after June 15, 2010.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

O. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principle requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Use of Restricted Assets

It is generally the practice of the County to utilize restricted net assets before unrestricted net assets when possible.

Q. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. Encumbrances outstanding at year end lapse and are reappropriated in the subsequent year.

R. Long-Term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statement, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

S. Subsequent Events

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets:

The governmental funds balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$20,893,618 difference are as follows:

Bonds payable	\$16,765,000
Installment contracts and notes payable	346,519
Other Postemployment benefits	176,739
Landfill closure liabilities	2,438,296
Compensated absences	<u>1,167,064</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets of governmental activities</i>	<u>\$20,893,618</u>

Another element of that reconciliation states, “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of the \$48,234,981 difference are as follows:

Cost of capital assets	\$ 75,968,670
Less: accumulated depreciation	<u>(27,733,689)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets of governmental activities</i>	<u>\$ 48,234,981</u>

Explanation of certain differences between the governmental funds statements of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:



**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. “The details of this (\$162,362) difference are as follows:

Capital outlay	\$ 2,670,549
Depreciation expense	<u>(2,832,911)</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ (162,362)</u>

Another element of that reconciliation states, “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds” and “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$208,174) difference are as follows:

Increase in compensated absences	\$ (17,363)
Other Postemployment benefits	(88,291)
Landfill closure	<u>(102,520)</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ (208,174)</u>

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Deposits Policies

The County's cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid debt instruments with original maturities of three months or less from the date of acquisition.

Investments Policies

Florida Statutes, Section 218.415, authorizes the County to invest surplus funds in the following:

The Local government Surplus Funds Trust Fund (State Board of Administration) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided s.163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest – bearing time deposits or savings accounts in state-certified qualified public depositories as defined in s. 280.02.

Direct obligations of the United States Treasury.

Federal agencies and instrumentalities.

Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C.ss. 80a-1 et. seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements full collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

In addition, the County is authorized by law or by county ordinance to invest funds in the following securities:

Commercial Paper of U.S. Corporations having a rating of at least two of the following three ratings: A-1, P-1, and F-1, as rated by Standard & Poors, Moody's, and Fitch Investors Service rating services.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

Bankers' Acceptances that are eligible for purchase by the Federal Reserve Banks and have a Letter of Credit rating of A or better.

Obligations, rated A+ or better, of the State of Florida and its various local governments, including Gulf County.

Overnight Repos (Repurchase Agreement) and Term Repos with maturities of less than 30 days.

Corporate Securities rated AA/Aa by Standard & Poors and Moody's.

Qualified Purchaser Funds (3(c)7)funds) securities of an open-end management type investment company or investment fund advised by a Registered Advisor under rule 3(c)(7) of the Federal Investment Company Act of 1940, provided that the funds investment guidelines state that the fund will seek to maintain a \$1 per share net asset value.

Auction Rate Securities rate AAA/aaa.

Florida Statutes provide that funds awaiting clearing may be invested. Pursuant to an agreement with a local financial institution, cash on deposit, including the County's float, was invested overnight in United States Treasury Obligations per the repurchase agreement.

The Florida Local Government Investment Trust Fund (FLGIT) is a professionally managed fund available only to public entities in Florida. The investment policy of FLGIT restricts investments to direct obligations of or securities fully guaranteed by the United States; obligations of certain federal agencies, including collateralized obligations; repurchase agreements; and commercial paper.

As of September 30, 2011, the County's deposits consisted of the following:

	<b><u>Fair Value</u></b>	<b><u>Weighted Average Maturity (months)</u></b>
Florida Local Government Investment Trust	<u>\$607,259</u>	Demand
Total	<u>\$607,259</u>	

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

Custodial Credit Risk of Deposits

All cash resources of the County are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that the County's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Interest Rate Risk

At September 30, 2011, the County did not hold any investments that were considered to be an interest rate risk.

Credit Risks

At September 30, 2011, the County did not hold any investments that were considered to be a credit risk.

Custodial Risk

For an investment, there is a risk that in the event of a failure of the counterparty to a transaction, the government will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The County's investments are excluded from the definition of custodial credit risk.

Concentration of Credit Risk

At September 30, 2011, the County did not hold any investments that were considered to be a concentration of credit risk.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

Internal balances at September 30, 2011, consisted of the following:

	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
General fund	\$ 207,432	\$ 190,986
Special revenue funds		
Nonmajor governmental funds	21,716	604
State Housing Initiative Partnership	<u>700</u>	<u>—</u>
Total special revenue funds	<u>22,416</u>	<u>604</u>
Agency funds	<u>677</u>	<u>38,935</u>
Total	<u><u>\$ 230,525</u></u>	<u><u>\$ 230,525</u></u>

The general fund has amounts due to and from constitutional officers, which represent the return of excess appropriations due at the end of the fiscal year, from either budget or officers or fee officers.

All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2011, consisted of the following:

	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General fund	\$ 120,197	\$ 24,415
Special revenue funds:		
Fines and forfeitures	—	100,782
Sheriff	<u>5,000</u>	<u>—</u>
Total	<u><u>\$ 125,197</u></u>	<u><u>\$ 125,197</u></u>

The transfers were for budgeted operations.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011, was as follows:

	<u>September 30,</u> <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30,</u> <u>2011</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,123,601	\$ —	\$ (431,696)	\$ 3,691,905
Construction in progress	<u>2,723,193</u>	<u>1,951,526</u>	<u>(3,050,370)</u>	<u>1,624,349</u>
Total capital assets, not being depreciated	<u>6,846,794</u>	<u>1,951,526</u>	<u>(3,482,066)</u>	<u>5,316,254</u>
Capital assets being depreciated:				
Buildings and improvements	13,664,406	2,819,175	—	16,483,581
Machinery and equipment	17,098,013	1,432,217	(436,088)	18,094,142
Infrastructure	<u>35,908,099</u>	<u>166,594</u>	<u>—</u>	<u>36,074,693</u>
Total capital assets being depreciated	<u>66,670,518</u>	<u>4,417,986</u>	<u>(436,088)</u>	<u>70,652,416</u>
Less accumulated depreciation for:				
Buildings and improvements	4,888,002	293,507	—	5,181,509
Machinery	10,280,135	1,707,117	(436,088)	11,551,164
Infrastructure	<u>10,168,729</u>	<u>832,287</u>	<u>—</u>	<u>11,001,016</u>
Total accumulated depreciation	<u>25,336,866</u>	<u>2,832,911</u>	<u>(436,088)</u>	<u>27,733,689</u>
Total capital assets being depreciated, net	<u>41,333,652</u>	<u>1,585,075</u>	<u>—</u>	<u>42,918,727</u>
<b>Total Governmental activities, capital assets, (net of accumulated depreciation)</b>	<b><u>\$ 48,180,446</u></b>	<b><u>\$ 3,536,601</u></b>	<b><u>\$ (3,482,066)</u></b>	<b><u>\$ 48,234,981</u></b>

Depreciation expense was charged to governmental activities functions/programs of the primary government as follows:

General Government	\$ 195,172
Public safety	990,338
Physical environment	364,736
Transportation	927,535
Economic environment	44,807
Human services	151,731
Culture and recreation	141,977
Court related	<u>16,615</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 2,832,911</u></b>

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 6 - CAPITAL ASSETS (continued)**

	<u>September 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>September 30, 2011</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 737	\$ —	\$ —	\$ 737
Total capital assets, not being depreciated	<u>737</u>	<u>—</u>	<u>—</u>	<u>737</u>
Capital assets being depreciated:				
Buildings and utility systems	<u>841,378</u>	<u>—</u>	<u>—</u>	<u>841,378</u>
Total capital assets being depreciated	<u>841,378</u>	<u>—</u>	<u>—</u>	<u>841,378</u>
Less accumulated depreciation	<u>(458,628)</u>	<u>(21,036)</u>	<u>—</u>	<u>(479,664)</u>
Total capital assets being depreciated, net	<u>382,750</u>	<u>(21,036)</u>	<u>—</u>	<u>361,714</u>
<b>Total business-type activities', capital assets, (net of accumulated depreciation)</b>	<b><u>\$ 383,487</u></b>	<b><u>\$ (21,036)</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 362,451</u></b>

Depreciation expense for the water fund for the year ended September 30, 2011 was \$21,036.

**NOTE 7 - LONG - TERM DEBT**

Long-term debt of the County at September 30, 2011, is as follows:

	<u>Balance September 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>	<u>Due Within One Year</u>
<b>Bonds Payable</b>					
<b>Board of County Commissioners</b>					
Gas Tax Revenue Bonds, Series 20006; proceeds used for capital improvements, refunding of 1995 gas tax refunding and improvement revenue bonds and Series 2001 gas tax revenue bonds (note 7-A).	\$ 13,700,000	\$ —	\$ (390,000)	\$13,310,000	\$ 405,000
Ad Valorem Tax Bonds, Series 2006; proceeds used for capital improvements (note 7-B)	<u>5,075,000</u>	<u>—</u>	<u>(1,620,000)</u>	<u>3,455,000</u>	<u>1,700,000</u>
<b>Total governmental activities bonds payable</b>	<b><u>\$ 18,775,000</u></b>	<b><u>\$ —</u></b>	<b><u>\$ (2,010,000)</u></b>	<b><u>\$16,765,000</u></b>	<b><u>\$ 2,105,000</u></b>

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 7 - LONG - TERM DEBT (continued)**

<b><u>Notes Payable</u></b>	<b><u>Balance September 30, 2010</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>Balance September 30, 2011</u></b>	<b><u>Due Within One Year</u></b>
<b>Board of County Commissioners</b>					
Note payable to bank in annual payments of \$9,804 including interest at 4.22%, unsecured.	9,407	—	(9,407)	—	—
Note payable to bank, payable in Annual payments of \$33,983 Including interest at 4.3%	63,769	—	(31,240)	32,529	32,529
Note payable to bank in annual payments of \$28,326 including interest at 4.25%, unsecured	125,000	—	(23,012)	101,988	23,992
Note payable to bank in annual Payments of \$109,003 including Interest at 3.63%, secured by Equipment, maturing in 2012	<u>206,686</u>	<u>—</u>	<u>(101,501)</u>	<u>105,185</u>	<u>105,185</u>
<b>Total governmental activities notes payable</b>	<b>\$ <u>404,862</u></b>	<b>\$ <u>—</u></b>	<b>\$ <u>(165,160)</u></b>	<b>\$ <u>239,702</u></b>	<b>\$ <u>161,706</u></b>
<b><u>Installment Contracts Sheriff</u></b>					
Installment purchase agreement for One vehicle, payable in 18 monthly Installments of \$1441 including Interest at 5.357%	\$ —	\$ 24,872	\$ (1,330)	\$ 23,542	\$ 16,432
Installment purchase agreement for One vehicle, payable in 18 monthly Installments of \$1,441 including Interest at 5.357%	—	24,872	(1,330)	23,542	16,432
Installment purchase agreement for One vehicle, payable in 18 monthly Installments of \$1,441 including Interest at 5.357%	—	24,872	(1,330)	23,542	16,432
Installment purchase agreement for One vehicle, payable in 48 monthly Installments of \$506 including Interest at 6.00%	<u>—</u>	<u>21,500</u>	<u>(3,644)</u>	<u>17,856</u>	<u>5,122</u>
<b>Total installment contracts Sheriff</b>	<b>\$ <u>—</u></b>	<b>\$ <u>96,116</u></b>	<b>\$ <u>(7,634)</u></b>	<b>\$ <u>88,482</u></b>	<b>\$ <u>54,418</u></b>



**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 7 - LONG - TERM DEBT (continued)**

	<u>Balance September 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2011</u>	<u>Due Within One Year</u>
<b><u>Installment Contracts Clerk of Court</u></b>					
Installment purchase agreement for Two copiers, payable in 63 monthly Installments of \$366 including Interest at 8.443%	\$ —	\$ 18,570	\$ (235)	\$ 18,335	\$ 2,956
<b>Total governmental activities installments contracts</b>	\$ —	\$ 114,686	\$ (7,869)	\$ 106,817	\$ 57,374
Long-term landfill closure and postclosure liability (note 13)	\$ 2,335,776	\$ 102,520	\$ —	\$ 2,438,296	\$ —
Other postemployment benefits	88,448	88,291	—	176,739	—
Liability for compensated absences	<u>1,149,701</u>	<u>185,460</u>	<u>(168,097)</u>	<u>1,167,064</u>	<u>291,766</u>
<b>Total governmental activities bonds, notes, payable and other long-term debt</b>	<u>\$22,753,787</u>	<u>\$ 490,957</u>	<u>\$ (2,351,126)</u>	<u>\$20,893,618</u>	<u>\$ 2,615,846</u>

Future debt service requirements on long-term debt are summarized below:

<u>Year Ending September 30,</u>	<b>Series 2006 Capital Improvement Refunding Bonds</b>		<b>Series 2006 Capital Improvement Revenue Bonds</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 405,000	\$ 581,044	\$ 1,700,000	\$ 149,375
2013	420,000	564,544	1,755,000	87,750
2014	435,000	547,444	—	—
2015	455,000	529,644	—	—
2016	475,000	511,044	—	—
2017-2021	2,675,000	2,226,969	—	—
2022-2026	3,310,000	1,573,291	—	—
2027-2031	4,185,000	683,906	—	—
2032	950,000	20,781	—	—
Total	<u>\$ 13,310,000</u>	<u>\$ 7,238,667</u>	<u>\$ 3,455,000</u>	<u>\$ 237,125</u>
<u>Year Ending September 30,</u>	<b>Notes Payable</b>			
	<u>Principal</u>	<u>Interest</u>		
2012	\$ 161,706	\$ 9,606		
2013	25,010	3,315		
2014	26,073	2,252		
2015	26,913	1,144		
Total	<u>\$ 239,702</u>	<u>\$ 16,317</u>		

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 7 - LONG - TERM DEBT (continued)**

■ **Bonds Payable and Pledged Revenues**

- (A) 4% \$14,745,000 Gas Tax Refunding and Improvement Revenue Bonds Series 2006-\$13,310,000 balance. These bonds were issued in September 2006, for the purpose of (i) financing the cost of the acquisition, construction, paving enlargement or other improvements of certain roads and transportation systems within the County; (ii) refund all of the County's Outstanding Gas Tax Refunding and Improvement Revenue Bonds, Series 1995 and all of the County's Outstanding Gas Tax Revenue Bonds, Series 2001; (iii) paying the cost of the premium of a Surety Bond to fund the Reserve Account; and (iv) paying certain costs incurred in connection with the issuance of the Series 2006 Bonds. The Series 2006 bonds, mature serially beginning October 1, 2007 and are subject to redemption prior to maturity. The bonds are payable from and secured by a lien upon and pledge of (i) the Local Option Gas Tax, (ii) the Constitutional Gas Tax, (iii) the County Gas Tax., and (iv) interest earnings on certain funds. The remaining principal and interest payments on this debt as of September 30, 2011 was \$20,548,660. Annual principal and interest payments on the bond required 80% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues for the year were \$986,944 and \$1,233,680 respectively.

A portion of the proceeds from series 2006 bonds have been placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the series 1995 Tax Bonds and the series 2001 Gas Tax Revenue Bonds. These refunded bonds have not been included in the County's outstanding long-term debt since the County has legally satisfied its obligation with respect thereto through the consumption of the refunding transaction described therein.

- (B) 3.625% to 5.0% \$10,790,000 Ad Valorem Tax Revenue Bonds, Series 2006-\$3,455,000 balance. These bonds were issued in December 2006, to be used for (i) beachfront renourishment and reconstruction in Cape San Blas (ii) fund a Debt Service Reserve Fund and (iii) pay certain costs and expenses related to the issuance of the bond. The Bonds mature serially beginning on August 1, 2007 and are not subject to redemption prior to their stated maturities. The principle and interest on the bonds are payable from and secured by a limited pledge of the ad valorem taxing power of the County within its Cape San Blas Gulfside Municipal Taxing Unit and its Cape San Blas Gulfside Interior Municipal Services Taxing Unit and shall not exceed 6 mills and 4 mills, respectively. The remaining principal and interest payments on this debt as of September 30, 2011 was \$3,692,125. Annual principal and interest payments on the bond required 97% of pledged revenues. Principal and interest payments paid for the current year and pledged revenues for the year were \$1,850,375 and \$1,907,603 respectively.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 8 - EMPLOYEE BENEFITS**

***Retirement Plan***

**Plan Description**

The County and the elected officials participate in the Florida Retirement System (FRS) a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at [www.dos.state.fl.us/fgils/retirement](http://www.dos.state.fl.us/fgils/retirement).

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 8 - EMPLOYEE BENEFITS (continued)**

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee contributory as of July 1, 2011. The employees contribute 3.0%.

**Funding Policy**

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<b><u>10/1/2010 through 6/30/2011</u></b>	<b><u>7/1/2011 through 9/30/2011</u></b>
Regular class	10.77%	4.91%
Senior management service class	14.57%	6.27%
Elected County officials' class	18.64%	11.14%
Special risk employees' class	23.25%	14.10%
DROP plan participants	12.25%	4.42%

Contribution rates equal actuarial determined rates. During the year ended September 30, 2011, total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	<b><u>Payroll Expense</u></b>	<b><u>Retirement Contributions</u></b>
Board of County Commissioners	\$ 3,664,797	\$ 437,491
Clerk of the Circuit Court	669,530	70,954
Sheriff	1,645,724	252,251
Property Appraiser	262,907	31,114
Tax Collector	314,006	33,563
Supervisor of Elections	155,471	14,115
Total	<u>\$ 6,712,435</u>	<u>\$ 839,488</u>

The County's contributions to the Plan for the years ended September 30, 2011 and 2010 and 2009 were \$839,488, \$910,170 and \$891,666 respectively, which equal the required contributions. For the year ended September 30, 2011 retirement contributions represent 12.5% of County's total covered payroll.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 8 - EMPLOYEE BENEFITS (continued)**

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Employees enrolled in DROP prior to July 1, 2011 earn interest on accumulated benefits in the Trust Fund at 6.5%; those enrolling on or after July 1, 2011 earn interest at 1.30%. The act of participating in the program does not change the individual employee's employment conditions.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Effective for the 2009-2010 fiscal year, the County has implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for retiree health insurance. The requirements of this Statement are being implemented prospectively, with the actuarially accrued liability for benefits \$813,585 at transition, amortized over 30 years. Accordingly, for financial reporting purposes, no liability is reported for the postemployment health care benefits liability at the date of implementation.

**Plan Description**

The County has established the Retiree's Health Insurance Other Post Employment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 164 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Eligibility

A participant is eligible to receive benefits from the plan upon retirement under the Florida Retirement System plan provisions. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

Funding Policy

Although the contribution requirement is established by Statute, the contribution amount required by plan members and the government are established and may be amended by the Gulf County Board of County Commissioners. Currently, members receiving benefits pay the full costs (total premium) for medical coverage.

The contribution rates effective for other eligible County plan members during the year are shown below:

<u>Coverage</u>	<u>Blueoptions 5901</u>	<u>Blueoptions 3559</u>	<u>HSA 55192-5193</u>	<u>HSA 3160-3161</u>
Retiree	\$ 459	\$ 628	\$ 365	\$ 519
Retiree and Spouse	949	1,300	624	886

The County has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the County provided contributions of \$14,944 toward the annual OPEB cost. A Schedule of Employer Contributions can be found in required supplementary information immediately following the notes.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Annual OPEB Cost and Net OPEB Obligation

The following table shows the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

<u>Description</u>	
Normal cost (service cost for one year)	\$ 58,965
Amortization of unfunded actuarial accrued liability	<u>45,847</u>
Annual required contribution	104,812
Interest on net OPEB obligation	3,538
Adjustment to annual required contribution	<u>(5,115)</u>
Annual OPEB cost (expense)	103,235
Contribution toward the OPEB cost	<u>(14,944)</u>
Increase in net OPEB obligation	88,291
Net OPEB obligation, beginning of year	<u>88,448</u>
Net OPEB obligation, end of year	<u>\$ 176,739</u>

The County's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2011 was as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 91,111	51%	\$ 44,224
2010	91,111	51%	88,448
2011	103,325	14.5%	176,739

Funding Status and Funding Progress

The funding status and funding progress information can be found in the Schedule of Funding Progress which is presented as required supplementary information immediately following the notes. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Actuarial Methods and Assumptions

The County had an actuarial valuation completed for the fiscal year ended September 30, 2011. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB actuarial valuation method used for the County was the unit credit actuarial cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the County employees. The actuarial assumptions include a 4% rate of return on investments for the County. The actuarial assumptions also include an annual healthcare cost trend rate. For the County, this rate begins with an initial rate for 2009-10 fiscal year of 6.10%. It fluctuates in the first four years reaching a future year's rate of 5.9%. The unfunded actuarial accrued liability is being amortized with a level dollar method. The remaining open amortization period at September 30, 2011 is 30 years.

**NOTE 10 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of , damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The County purchases commercial insurance to cover their risk of losses. The County determined that it was not economically justifiable to carry comprehensive coverage on certain vehicles and equipment after approximately five years of ownership. The County carries liability insurance on the aforementioned vehicles and equipment. Insurance against losses are provided for the following types of risk:



**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 10 - RISK MANAGEMENT (continued)**

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

The County's coverage for workers' compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the County's experience for this type of risk.

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund Program, administered by the Florida Sheriff's Association. The program is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under this program includes general liability, public officials' liability and public employees' blanket bond.

The funding agreements provide that the self-insurance fund will be self-sustaining through member premiums and that the Sheriff's liability fund will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$10,000,000 for professional liability and \$10,000,000 for public officials' coverage.

The Gulf County Sheriff determined that it was not economically justifiable to carry comprehensive coverage on all vehicles but the Gulf County Sheriff carries liability insurance on the aforementioned vehicles. The Gulf County Sheriff currently covers all claim settlements and judgments out of available operating resources.

**NOTE 11 - AMBULANCE SERVICES**

The County has financial responsibility for providing ambulance services throughout the County. Ambulance accounts receivable, and revenues and expenditures are included in the general fund of the accompanying financial statement. Accounts receivable for the ambulance service for the year ended September 30, 2011 was \$320,123 which is net of \$983,392 allowance for uncollectible accounts.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require the County place a final cover on its landfill sites when it ceases accepting waste, and perform certain maintenance and monitoring functions at the site for thirty years after closure. Currently, the County monitors two closed landfills and operates a Class III landfill and a construction debris landfill. Receipt of debris at the construction debris landfill has been indefinitely suspended and the County expects to officially close the landfill.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,438,296 reported as landfill closure and postclosure care liability at September 30, 2011, represents the cumulative amount reported to date based on the use of 72% of the estimated capacity of the landfill cells placed in use. The Board will recognize the remaining estimated cost of closure and postclosure care of \$1,796,557 as the remaining estimated capacity is filled (approximately 10 years). These amounts are based on what it would cost to perform closure and post-closure care in 2011 on those cells placed in use. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Board is required by state and federal laws to make annual contributions to an escrow account to finance a minimum of all closure costs. At September 30, 2011, the Board held deposits with a fair value of \$1,453,646 for these purposes that are reported as restricted assets on the balance sheet. This amount includes \$1,451,196 that is restricted for closing Five Points Landfill and \$2,450 that is restricted for long term care of Buckhorn Landfill. The Board expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care costs are determined to be required, these costs may need to be covered by charges to future landfill users or from future tax revenue.

**NOTE 13 - LEGAL PROCEEDINGS**

The County is defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's legal counsel that the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the County.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 14 – NOTES RECEIVABLE**

In July 2011 the County sold real estate to the Gulf Rifle and Pistol Club Inc. The County received a promissory note in the amount of \$30,000 to be repaid over a ten year period. Payment is due annually with principal of \$3,000 and zero interest. The first payment is due August 2012 with the last payment due August 2021. The mortgage is secured by the real estate transferred in the sale.

In May 2011 the County entered into a second mortgage agreement with the Port St. Joe Port Authority whereby the County made a loan in the amount of \$199,000 which is secured by real estate. The loan is to be repaid over a ten year period and has an annual interest rate of 3%. No payments will be made for the first two years. Thereafter a sum of \$10,000 per year will be paid on the outstanding balance. The note will balloon on April 1, 2021 at which time all accrued interest and remaining balance will be due. The balloon balance at that time will be \$178,516.

At September 30, 2011, notes receivable consisted of the following

	<b>Balance September 30, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance September 30, 2011</b>
Gulf Rifle Note	\$ —	\$ 30,000	\$ —	\$ 30,000
Port Authority	—	199,000	—	199,000
	<u>\$ —</u>	<u>\$ 229,000</u>	<u>\$ —</u>	<u>\$ 229,000</u>

**NOTE 15 - GRANTS**

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for, or including, the year ended September 30, 2011, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by granting agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

**NOTE 16 - NET ASSETS/FUND BALANCE CLASSIFICATION**

Net assets represent the difference between total assets and liabilities and are categorized as follows:

Invested in capital assets, net of related debt: Total capital assets, net of debt issued in the acquisition of these assets and net of depreciation is reported separately in the net assets section.

Restricted for growth related capital expansion: Impact fee and system development charges restricted for growth related capital expansion.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 16 - NET ASSETS/FUND BALANCE CLASSIFICATION (continued)**

Restricted for transportation projects: Gas taxes and other revenues restricted for transportation improvements.

Restricted for tourist development: Tourist development tax proceeds are restricted for tourist related activities.

Restricted for Conservation: Various impact and other fees restricted to conservation projects and expenses.

Restricted for Public Safety: Grants and fees restricted for use in various areas of public safety.

Restricted for Court functions: Balances are restricted for use in the County Court System.

Restricted for debt service: Balances are restricted in conjunction with the issuance of bonds and have been funded by operating transfers from the appropriate funds. The use of monies in the sinking fund is restricted to the payment of principal and interest on long-term debt.

Restricted for Public Health: Restricted for use to Hospital and EMS function.

Unrestricted: Balances are not restricted for specific purposes.

Governmental funds report fund balances as either spendable or non-spendable. Spendable fund balances are further classified as restricted, committed, assigned or unassigned depending upon the extent to which there are external or internal constraints on the spending of these fund balances.

Non-spendable fund balance: Amounts that are not in spendable form or that are legally or contractually required to be maintained intact. Items that are not spendable also include inventories, prepaid amounts and long term portions of loans and notes receivable, as well as property held for resale.

Spendable fund balance:

Restricted fund balance – Amounts that can be spent only for specific purposes through restrictions placed upon them by external resource providers such as creditors, grantors or contributors; or imposed by law through constitutional provisions or enabling legislation.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 16 - NET ASSETS/FUND BALANCE CLASSIFICATION (continued)**

Committed fund balance – Amounts that can be spent only for specific purposes determined by the County’s highest decision making authority, the Board of County Commissioners. Commitments may be modified or removed only by the Board of County Commissioners through the same formal action that created the original commitment.

Assigned fund balance – Amounts that are intended to be spent for specific purposes as determined by the Board of County Commissioners, but that are neither restricted nor committed to the specific purpose.

Unassigned fund balance – Unassigned fund balance is the residual classification for the County’s general fund. Amounts in this classification are spendable but have not been deemed restricted, committed or assigned. Unassigned fund balance may also include negative balances for any governmental fund whose expenditures have exceeded the amounts restricted, committed or assigned for those specific purposes.

When both restricted and unrestricted amounts are available the County spends the restricted amounts first, unless prohibited by law, grant agreements or other contractual arrangement. Further, when committed fund balance is available the County will use it first, followed by assigned fund balance and then unassigned fund balance for purposes in which any of the unrestricted fund balance classifications could be used.

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 16 - NET ASSETS/FUND BALANCE CLASSIFICATION (continued)**

A detailed schedule of fund balances at September 30, 2011 is as follows:

	<b>General Fund</b>	<b>State Housing Initiative Partnership</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>				
Prepays/deposits	\$ 47,413	\$ —	\$ —	\$ 47,413
<b>Total nonspendable fund balance</b>	<b><u>47,413</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>47,413</u></b>
<b>Restricted for:</b>				
Community redevelopment	—	70,177	—	70,177
Transportation	—	—	366,878	366,878
Bond covenants or debt service	—	—	2,439,992	2,439,992
Growth related capital expansion	—	—	210,748	210,748
Capital projects	—	—	90,516	90,516
Tourist development	—	—	1,186,540	1,186,540
Conservation	1,453,646	—	847,840	2,301,486
Public Safety	44,958	—	1,475,634	1,520,592
Court functions	44,629	—	364,502	409,131
Health	23,460	—	699,608	723,068
Other purposes	—	—	4,828	4,828
<b>Total restricted fund balance</b>	<b><u>1,566,693</u></b>	<b><u>70,177</u></b>	<b><u>7,687,086</u></b>	<b><u>9,323,956</u></b>
<b>Committed for:</b>				
Conservation	35,462	—	193,393	228,855
<b>Total committed fund balance</b>	<b><u>35,462</u></b>	<b><u>—</u></b>	<b><u>193,393</u></b>	<b><u>228,855</u></b>
<b>Assigned for:</b>				
Infrastructure	637,450	—	—	637,450
Public Safety	—	—	250,695	250,695
Federal and state grants	7,657	—	—	7,657
Other purposes	2,900,160	—	—	2,900,160
<b>Total assigned fund balance</b>	<b><u>3,545,267</u></b>	<b><u>—</u></b>	<b><u>250,695</u></b>	<b><u>3,795,962</u></b>
<b>Unassigned:</b>	<b><u>6,116,809</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>6,116,809</u></b>
<b>Total Fund Balances</b>	<b><u>\$ 11,311,644</u></b>	<b><u>\$ 70,177</u></b>	<b><u>\$ 8,131,174</u></b>	<b><u>\$ 19,512,995</u></b>

**GULF COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

**NOTE 17 – COMMITMENTS**

The Gulf County Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration therefore, the Sheriff receives payments of \$33,600 annually from the City.

The Gulf County Sheriff entered into a service agreement with the City of Port St. Joe Police Department, whereby the Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,500 per quarter, in consideration for these services.

**NOTE 18 - WATER SYSTEM OPERATIONS**

The County owns the two remaining water systems, Williamsburg/Methodist Hill and Oak Grove. The City of Wewahitchka operates the Williamsburg/Methodist Hill Water System. Although there is not an active inter-local agreement this water system continues to be operated by the City of Wewahitchka under the terms of the 1993 inter-local agreement which terminated in 1994. The City of Port St. Joe operates the Oak Grove Water System. Neither one of these water systems brings any revenue to the County. The only expense to the County for either of these two water systems is depreciation.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**GULF COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2011**

**Schedule of Funding Progress for the Retiree's Health Insurance**  
**Other Post Employment Benefits Plan**

<b>Actuarial Valuation Date As of Oct 1,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c )</b>
2008	\$ —	\$ 813,585	\$ 813,585	0.0%	N/A	N/A
2009	—	—	—	0.0%	N/A	N/A
2010	—	792,791	792,791	0.0%	N/A	N/A

**Schedule of Employer Contributions for the Retiree's Health Insurance**  
**Other Post Employment Benefits Plan**

<b>Fiscal Year Ended September 30,</b>	<b>Actual Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2009	\$ 46,887	\$ 91,111	51%
2010	\$ 46,887	\$ 91,111	51%
2011	\$ 14,944	\$103,325	14.5%

## **COMBINING FINANCIAL STATEMENTS**

## Nonmajor Governmental Funds

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### Special Revenue Funds

SECONDARY ROAD AND BRIDGE – To account for fuel taxes, not obligated for debt repayment, and certain expenditures for road and bridge construction and maintenance.

FINES AND FORFEITURES – To account for fines earmarked for law enforcement and corrections.

TOURIST DEVELOPMENT TRUST – To account for a 4% local option tourist development tax levied for tourist promotion and beach and shoreline maintenance.

### SHERIFF' SPECIAL REVENUE

1. 2.50 Fund – To account for the activities related to funds received from employees.
2. Forfeiture fund – To account for revenues and expenditures relating to various forfeitures.
3. Tow and impound Fund – To account for impound fee revenue and wrecker fee expenditures relating to impounded vehicles.

DRI/EAR IMPACT – To account for funds received associated with the development of regional impact for the Gulf County community, WindMark Beach.

CLERK MODERNIZATION TRUST – To account for the statutory surcharge on recording documents paid to the Clerk of the Circuit Court for the modernization of the Clerk's official records management system and for funding court-related technology needs of the Clerk.

ADMINISTRATIVE ORDER 86-12 – To account for additional court costs of traffic infractions used for administering traffic violations.

HUD CDBG – The Community Development Block Grant program provides resources to aid in affordable housing and create jobs through the expansion and retention of businesses.

FIRE CONTROL DISTRICTS – To account for property taxes levied within the following dependent special districts for fire prevention and control:

Howard Creek	St. Joe
Tupelo	Overstreet

FIRE IMPACT FEE – To account for impact fees collected for use of acquiring, equipping, and/or making capital improvements to fire protection facilities in the following municipal service taxing districts:

Howard Creek	St. Joe
Tupelo	Overstreet

## Nonmajor Governmental Funds

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### Special Revenue Funds (continued)

HOSPITAL – To account for local option discretionary sales surtax levied and expenditures that help fund operations at the local hospital.

WIRELESS 911 – To account for grants awarded from the State of Florida E911 Board for enhancement of the E911 system.

CORRECTIONAL FACILITY IMPACT FEE – To account for the receipt and expenditure of the correctional facilities impact fees collected from all qualifying new construction. The impact fee must be used for the acquisition/construction of correctional facilities.

EMS IMPACT FEE – To account for the receipt and expenditure of emergency medical service impact fees collected from all qualifying new construction. The impact fees must be used for acquisition/construction of emergency service facilities.

PARKS AND RECREATION IMPACT FEE – To account for the receipt and expenditure of parks impact fees collected from all qualifying new construction. The impact fees must be used for the acquisition/construction of park facilities.

E911 – To account for fees levied on each communications service subscriber for funding certain costs of the County associated with the E911 system.

MOSQUITO CONTROL – To account for the receipt and expenditure of state grant funds used for mosquito control.

BEACH RENOVATION – To account for activity relating to the Cape San Blas beach re-nourishment and reconstruction project funded with bond proceeds.

EMERGENCY MEDICAL SERVICES – To account for the receipt and expenditure of emergency medical service impact fees collected from all qualifying new construction. The impact fees must be used for acquisition/construction of emergency service facilities.

CDBG – The Community Development block Grant program provides resources to aid in affordable housing and create jobs through the expansion and retention of businesses.

INDUSTRIAL PARK EDA – To account for the receipt and expenditure of Economic Development Administration Funds. The funds are to be used to develop working programs that benefit the economy of the County.

CONSTRUCTION AND ACQUISITION – To account for activity relating to the construction and acquisition of assets.

## **Nonmajor Governmental Funds**

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### **Debt Service**

PUBLIC IMPROVEMENT – To account for the accumulation of resources for and the payment of, gas tax refunding and improvement revenue bonds.

M.S.T.U. DEBT SERVICE – To account for pledged ad valorem taxes and repayment of bonds issued for re-nourishment and reconstruction of the beachfront at Cape San Blas.

**GULF COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<b>Special Revenue</b>					
	<b><u>Fines and Forfeitures</u></b>	<b><u>Secondary Road and Bridge</u></b>	<b><u>Tourist Development Trust</u></b>	<b><u>Sheriff's Special Revenue</u></b>	<b><u>DRI/EAR Impact</u></b>	<b><u>Clerk Modernization Trust</u></b>
<b>Assets</b>						
Cash and cash equivalents	\$ 448,853	\$ 366,878	\$ 1,324,775	\$ 14,583	\$ 193,393	\$ 219,047
Due from other funds	—	—	—	—	—	506
Due from other governments	—	—	33,385	—	—	—
Accounts receivable (net)	<u>2,129</u>	<u>—</u>	<u>77,801</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total assets	<u>450,982</u>	<u>366,878</u>	<u>1,435,961</u>	<u>14,583</u>	<u>193,393</u>	<u>219,553</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Vouchers payable	7,701	—	248,882	—	—	4,786
Due to other funds	—	—	539	—	—	—
Deferred revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>7,701</u>	<u>—</u>	<u>249,421</u>	<u>—</u>	<u>—</u>	<u>4,786</u>
<b>Fund balances</b>						
Restricted	201,741	366,878	1,186,540	5,428	—	214,767
Committed	—	—	—	—	193,393	—
Assigned	<u>241,540</u>	<u>—</u>	<u>—</u>	<u>9,155</u>	<u>—</u>	<u>—</u>
Total fund balances	<u>443,281</u>	<u>366,878</u>	<u>1,186,540</u>	<u>14,583</u>	<u>193,393</u>	<u>214,767</u>
<b>Total liabilities and Fund balances</b>	<b><u>\$ 450,982</u></b>	<b><u>\$ 366,878</u></b>	<b><u>\$ 1,435,961</u></b>	<b><u>\$ 14,583</u></b>	<b><u>\$ 193,393</u></b>	<b><u>\$ 219,553</u></b>

(Continued)

**GULF COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**SEPTEMBER 30, 2011**

	<b>Special Revenue</b>					
	<b>Administrative Order 86-12</b>	<b>HUD CDBG</b>	<b>Howard Creek Fire Control</b>	<b>St. Joe Fire Control</b>	<b>Tupelo Fire Control</b>	<b>Overstreet Fire Control</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 149,735	\$ 172	\$ 1,812	\$ 825,940	\$ 74,057	\$ 13,271
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	1,244	—	—
Accounts receivable (net)	—	199,000	—	22,119	—	—
Total assets	<u>149,735</u>	<u>199,172</u>	<u>1,812</u>	<u>849,303</u>	<u>74,057</u>	<u>13,271</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Vouchers payable	—	—	379	6,364	2,609	2,630
Due to other funds	—	—	—	—	—	—
Deferred revenue	—	199,000	73	3,411	245	53
Total liabilities	<u>—</u>	<u>199,000</u>	<u>452</u>	<u>9,775</u>	<u>2,854</u>	<u>2,683</u>
<b>Fund balances</b>						
Restricted	149,735	172	1,360	839,528	71,203	10,588
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Total fund balances	<u>149,735</u>	<u>172</u>	<u>1,360</u>	<u>839,528</u>	<u>71,203</u>	<u>10,588</u>
<b>Total liabilities and Fund balances</b>	<b><u>\$ 149,735</u></b>	<b><u>\$ 199,172</u></b>	<b><u>\$ 1,812</u></b>	<b><u>\$ 849,303</u></b>	<b><u>\$ 74,057</u></b>	<b><u>\$ 13,271</u></b>

(Continued)

**GULF COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**SEPTEMBER 30, 2011**

	<b>Special Revenue</b>					
	<b>St. Joe Fire Impact Fee</b>	<b>Tupelo Fire Impact Fee</b>	<b>Overstreet Fire Impact Fee</b>	<b>Howard Creek Fire Impact Fee</b>	<b>Hospital</b>	<b>Wireless 911</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 5,531	\$ 5,822	\$ 1,892	\$ 564	\$ 597,427	\$ 59,288
Due from other funds	—	—	—	—	—	—
Due from other governments	—	—	—	—	102,181	—
Accounts receivable (net)	—	—	—	—	—	—
Total assets	<u>5,531</u>	<u>5,822</u>	<u>1,892</u>	<u>564</u>	<u>699,608</u>	<u>59,288</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Vouchers payable	—	—	—	—	—	12,428
Due to other funds	—	—	—	—	—	—
Deferred revenue	—	—	—	—	—	45,154
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>57,582</u>
<b>Fund balances</b>						
Restricted	5,531	5,822	1,892	564	699,608	1,706
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Total fund balances	<u>5,531</u>	<u>5,822</u>	<u>1,892</u>	<u>564</u>	<u>699,608</u>	<u>1,706</u>
<b>Total liabilities and Fund balances</b>	<b><u>\$ 5,531</u></b>	<b><u>\$ 5,822</u></b>	<b><u>\$ 1,892</u></b>	<b><u>\$ 564</u></b>	<b><u>\$ 699,608</u></b>	<b><u>\$ 59,288</u></b>

(Continued)



**GULF COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**SEPTEMBER 30, 2011**

	<b>Special Revenue</b>					
	<b>Construction and Acquisition</b>	<b>Correctional Facility Impact Fee</b>	<b>EMS Impact Fee</b>	<b>Parks and Recreation Impact Fee</b>	<b>E911</b>	<b>Mosquito Control</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 22,936	\$ 16,880	\$ 40,772	\$ 26,808	\$ 170,846	\$ 103,380
Due from other funds	—	—	—	—	21,210	—
Due from other governments	—	—	—	—	10,531	11,345
Accounts receivable (net)	—	—	—	—	—	—
Total assets	<u>22,936</u>	<u>16,880</u>	<u>40,772</u>	<u>26,808</u>	<u>202,587</u>	<u>114,725</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Vouchers payable	—	—	—	—	2,156	—
Due to other funds	—	—	—	—	65	—
Deferred revenue	—	—	—	—	—	—
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,221</u>	<u>—</u>
<b>Fund balances</b>						
Restricted	22,936	16,880	40,772	26,808	200,366	114,725
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Total fund balances	<u>22,936</u>	<u>16,880</u>	<u>40,772</u>	<u>26,808</u>	<u>200,366</u>	<u>114,725</u>
<b>Total liabilities and Fund balances</b>	<b><u>\$ 22,936</u></b>	<b><u>\$ 16,880</u></b>	<b><u>\$ 40,772</u></b>	<b><u>\$ 26,808</u></b>	<b><u>\$ 202,587</u></b>	<b><u>\$ 114,725</u></b>

(Continued)

**GULF COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**SEPTEMBER 30, 2011**

	<u>Special Revenue</u>				<u>Debt Service</u>		<b>Total</b>
	<b>Beach Renovation</b>	<b>Emergency Medical Services</b>	<b>CDBG</b>	<b>Industrial Park EDA</b>	<b>M.S.T.U. Debt Service</b>	<b>Public Improvement</b>	<b>Nonmajor Governmental Funds</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 847,840	\$ 3,329	\$ 57	\$ 210,748	\$ 753,228	\$ 1,501,060	\$ 8,000,924
Due from other funds	—	—	—	—	—	—	21,716
Due from other governments	—	—	44,344	—	—	199,794	402,824
Accounts receivable (net)	—	—	—	—	—	—	301,049
<b>Total Assets</b>	<u>847,840</u>	<u>3,329</u>	<u>44,401</u>	<u>210,748</u>	<u>753,228</u>	<u>1,700,854</u>	<u>8,726,513</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Vouchers payable	—	277	44,344	—	—	2,578	335,134
Due to other funds	—	—	—	—	—	—	604
Deferred revenue	—	3,052	—	—	8,613	—	259,601
<b>Total Liabilities</b>	<u>—</u>	<u>3,329</u>	<u>44,344</u>	<u>—</u>	<u>8,613</u>	<u>2,578</u>	<u>595,339</u>
<b>Fund balances</b>							
Restricted	847,840	—	57	210,748	744,615	1,698,276	7,687,086
Committed	—	—	—	—	—	—	193,393
Assigned	—	—	—	—	—	—	250,695
<b>Total fund balances</b>	<u>847,840</u>	<u>—</u>	<u>57</u>	<u>210,748</u>	<u>744,615</u>	<u>1,698,276</u>	<u>8,131,174</u>
<b>Total liabilities and fund balances</b>	<u>\$ 847,840</u>	<u>\$ 3,329</u>	<u>\$ 44,401</u>	<u>\$ 210,748</u>	<u>\$ 753,228</u>	<u>\$ 1,700,854</u>	<u>\$ 8,726,513</u>

**GULF COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue					
	<u>Fines and Forfeitures</u>	<u>Secondary Road and Bridge</u>	<u>Tourist Development Trust</u>	<u>Sheriff's Special Revenue</u>	<u>DRI/EAR Impact</u>	<u>Clerk Modernization Trust</u>
<b>Revenues</b>						
Taxes	\$ —	\$ 67,265	\$ 847,861	\$ —	\$ —	\$ —
Intergovernmental	—	—	28,617	—	—	—
Charges for services	45,215	—	—	—	—	39,410
Investment earnings and other	<u>425</u>	<u>—</u>	<u>883,186</u>	<u>8,638</u>	<u>—</u>	<u>684</u>
Total revenues	<u>45,640</u>	<u>67,265</u>	<u>1,759,664</u>	<u>8,638</u>	<u>—</u>	<u>40,094</u>
<b>Expenditures</b>						
Current						
General government	—	—	—	—	—	16,499
Public safety	1,483	—	—	9,623	—	—
Physical environment	—	—	336,128	—	—	—
Economic environment	—	—	1,220,782	—	—	—
Transportation	—	100	—	—	—	—
Court related	6,653	—	—	—	—	37,526
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	6,000	—	15,936	1,014
Debt service	<u>—</u>	<u>—</u>	<u>33,983</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>8,136</u>	<u>100</u>	<u>1,596,893</u>	<u>9,623</u>	<u>15,936</u>	<u>55,039</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>37,504</u>	<u>67,165</u>	<u>162,771</u>	<u>(985)</u>	<u>(15,936)</u>	<u>(14,945)</u>
<b>Other financing sources (uses)</b>						
Transfers out	(100,782)	—	—	—	—	—
Transfers in	—	—	—	5,000	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>(100,782)</u>	<u>—</u>	<u>—</u>	<u>5,000</u>	<u>—</u>	<u>—</u>
<b>Net change in fund balances</b>	(63,278)	67,165	162,771	4,015	(15,936)	(14,945)
<b>Fund balances - beginning</b>	<u>506,559</u>	<u>299,713</u>	<u>1,023,769</u>	<u>10,568</u>	<u>209,329</u>	<u>229,712</u>
<b>Fund balances - ending</b>	<u>\$ 443,281</u>	<u>\$ 366,878</u>	<u>\$ 1,186,540</u>	<u>\$ 14,583</u>	<u>\$ 193,393</u>	<u>\$ 214,767</u>

(Continued)

**GULF COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue					
	Administrative Order 86-12	HUD CDBG	Howard Creek Fire Control	St. Joe Fire Control	Tupelo Fire Control	Overstreet Fire Control
<b>Revenues</b>						
Taxes	\$ —	\$ —	\$ 15,903	\$ 380,351	\$ 49,853	\$ 23,394
Intergovernmental	—	—	817	32,305	4,148	5,093
Charges for services	—	—	—	1,207	—	—
Investment earnings and other	<u>436</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>191</u>	<u>—</u>
Total revenues	<u>436</u>	<u>—</u>	<u>16,720</u>	<u>413,863</u>	<u>54,192</u>	<u>28,487</u>
<b>Expenditures</b>						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	17,622	175,403	30,455	25,736
Physical environment	—	—	—	—	—	—
Economic environment	—	199,000	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	561	—	—	—	—	—
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	—	366,975	3,508	1,901
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>38,129</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>561</u>	<u>199,000</u>	<u>17,622</u>	<u>580,507</u>	<u>33,963</u>	<u>27,637</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(125)</u>	<u>(199,000)</u>	<u>(902)</u>	<u>(166,644)</u>	<u>20,229</u>	<u>850</u>
<b>Other financing sources (uses)</b>						
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net change in fund balances</b>	(125)	(199,000)	(902)	(166,644)	20,229	850
<b>Fund balances - beginning</b>	<u>149,860</u>	<u>199,172</u>	<u>2,262</u>	<u>1,006,172</u>	<u>50,974</u>	<u>9,738</u>
<b>Fund balances - ending</b>	<u>\$ 149,735</u>	<u>\$ 172</u>	<u>\$ 1,360</u>	<u>\$ 839,528</u>	<u>\$ 71,203</u>	<u>\$ 10,588</u>

(Continued)

**GULF COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	<b>Special Revenue</b>					
	<b>St. Joe Fire Impact Fee</b>	<b>Tupelo Fire Impact Fee</b>	<b>Overstreet Fire Impact Fee</b>	<b>Howard Creek Fire Impact Fee</b>	<b>Hospital</b>	<b>Wireless 911</b>
<b>Revenues</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 564,813	\$ —
Intergovernmental	—	—	—	—	—	174,235
Charges for services	—	—	—	—	—	—
Investment earnings and other	<u>18</u>	<u>19</u>	<u>6</u>	<u>1</u>	<u>4,148</u>	<u>475</u>
Total revenues	<u>18</u>	<u>19</u>	<u>6</u>	<u>1</u>	<u>568,961</u>	<u>174,710</u>
<b>Expenditures</b>						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	12,428
Physical environment	—	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Court related	—	—	—	—	—	—
Human services	—	—	—	—	1,060,480	—
Culture and recreation	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	161,807
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,060,480</u>	<u>174,235</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>18</u>	<u>19</u>	<u>6</u>	<u>1</u>	<u>(491,519)</u>	<u>475</u>
<b>Other financing sources (uses)</b>						
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net change in fund balances</b>	18	19	6	1	(491,519)	475
<b>Fund balances - beginning</b>	<u>5,513</u>	<u>5,803</u>	<u>1,886</u>	<u>563</u>	<u>1,191,127</u>	<u>1,231</u>
<b>Fund balances - ending</b>	<u><u>\$ 5,531</u></u>	<u><u>\$ 5,822</u></u>	<u><u>\$ 1,892</u></u>	<u><u>\$ 564</u></u>	<u><u>\$ 699,608</u></u>	<u><u>\$ 1,706</u></u>

(Continued)

**GULF COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue					
	Construction and Acquisition	Correctional Facility Impact Fee	EMS Impact Fee	Parks and Recreation Impact Fee	E911	Mosquito Control
<b>Revenues</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	—	—	134,219	39,000
Charges for services	—	—	—	—	—	—
Investment earnings and other	<u>905</u>	<u>54</u>	<u>130</u>	<u>89</u>	<u>643</u>	<u>9,585</u>
Total revenues	<u>905</u>	<u>54</u>	<u>130</u>	<u>89</u>	<u>134,862</u>	<u>48,585</u>
<b>Expenditures</b>						
Current						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	136,431	—
Physical environment	—	—	—	—	—	—
Economic environment	—	—	—	—	—	—
Transportation	257,003	—	—	—	—	—
Court related	—	—	—	—	—	—
Human services	—	—	—	—	—	—
Culture and recreation	—	—	—	1,326	—	—
Capital outlay	—	—	—	—	—	73,247
Debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>257,003</u>	<u>—</u>	<u>—</u>	<u>1,326</u>	<u>136,431</u>	<u>73,247</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(256,098)</u>	<u>54</u>	<u>130</u>	<u>(1,237)</u>	<u>(1,569)</u>	<u>(24,662)</u>
<b>Other financing sources (uses)</b>						
Transfers out	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—
Debt proceeds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total other financing Sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Net change in fund balances</b>	<u>(256,098)</u>	<u>54</u>	<u>130</u>	<u>(1,237)</u>	<u>(1,569)</u>	<u>(24,662)</u>
<b>Fund balances - beginning</b>	<u>279,034</u>	<u>16,826</u>	<u>40,642</u>	<u>28,045</u>	<u>201,935</u>	<u>139,387</u>
<b>Fund balances - ending</b>	<u><u>\$ 22,936</u></u>	<u><u>\$ 16,880</u></u>	<u><u>\$ 40,772</u></u>	<u><u>\$ 26,808</u></u>	<u><u>\$ 200,366</u></u>	<u><u>\$ 114,725</u></u>

**GULF COUNTY, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Beach Renovation	Emergency Medical Services	CDBG	Industrial Park EDA	M.S.T.U. Debt Service	Public Improvement	
<b>Revenues</b>							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 1,779,452	\$ 371,862	\$ 4,100,754
Intergovernmental	—	4,274	1,695,067	—	16,575	908,711	3,043,061
Charges for services	—	—	—	—	—	—	85,832
Investment earnings and other	2,869	—	—	1,224	5,883	3,515	923,124
<b>Total Revenues</b>	<u>2,869</u>	<u>4,274</u>	<u>1,695,067</u>	<u>1,224</u>	<u>1,801,910</u>	<u>1,284,088</u>	<u>8,152,771</u>
<b>Expenditures</b>							
Current							
General government	—	—	—	—	—	—	16,499
Public safety	—	4,274	—	—	—	—	413,455
Physical environment	—	—	1,692,100	—	—	—	2,028,228
Economic environment	—	—	2,967	10,971	—	—	1,433,720
Transportation	—	—	—	—	—	—	257,103
Court related	—	—	—	—	—	—	44,740
Human services	—	—	—	—	—	—	1,060,480
Culture and recreation	—	—	—	—	—	—	1,326
Capital outlay	—	—	—	—	—	—	630,388
Debt service	—	—	—	—	1,853,453	992,847	2,918,412
<b>Total expenditures</b>	<u>—</u>	<u>4,274</u>	<u>1,695,067</u>	<u>10,971</u>	<u>1,853,453</u>	<u>992,847</u>	<u>8,804,351</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,869</u>	<u>—</u>	<u>—</u>	<u>(9,747)</u>	<u>(51,543)</u>	<u>291,241</u>	<u>(651,580)</u>
<b>Other financing sources (uses)</b>							
Transfers out	—	—	—	—	—	—	(100,782)
Transfers in	—	—	—	—	—	—	5,000
Debt proceeds	—	—	—	—	—	—	—
<b>Total other financing Sources (uses)</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(95,782)</u>
<b>Net change in Fund balance</b>	<u>2,869</u>	<u>—</u>	<u>—</u>	<u>(9,747)</u>	<u>(51,543)</u>	<u>291,241</u>	<u>(747,362)</u>
<b>Fund balances – beginning</b>	<u>844,971</u>	<u>—</u>	<u>57</u>	<u>220,495</u>	<u>796,158</u>	<u>1,407,035</u>	<u>8,878,536</u>
<b>Fund balances – ending</b>	<u>\$ 847,840</u>	<u>\$ —</u>	<u>\$ 57</u>	<u>\$ 210,748</u>	<u>\$ 744,615</u>	<u>\$ 1,698,276</u>	<u>\$ 8,131,174</u>

**GULF COUNTY, FLORIDA**  
**COMBINING BALANCE SHEET**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2011**

	<b>Agency Funds - Clerk</b>						<b>Agency Funds Sheriff</b>
	<b>Fee Trust</b>	<b>Article V Trust</b>	<b>Registry of Court</b>	<b>Child Support</b>	<b>Jury and Witness</b>	<b>Bonds</b>	<b>Individual Depository</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 47,631	\$ 60,111	\$ 4,743	\$ 308	\$ 3,224	\$ 21,205	\$ 428
Accounts receivable (net)	190	—	—	—	—	—	2,100
Due from other funds	<u>68</u>	<u>99</u>	<u>—</u>	<u>—</u>	<u>510</u>	<u>—</u>	<u>—</u>
Total Assets	<u>47,889</u>	<u>60,210</u>	<u>4,743</u>	<u>308</u>	<u>3,734</u>	<u>21,205</u>	<u>2,528</u>
<b>Liabilities</b>							
Accounts payable	109	1,290	—	—	—	—	—
Due to individuals	4,460	3,000	4,743	—	—	21,205	514
Due to other funds	11,522	2,510	—	299	1,500	—	2,014
Due to other governments	<u>31,798</u>	<u>53,410</u>	<u>—</u>	<u>9</u>	<u>2,234</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>\$ 47,889</u>	<u>\$ 60,210</u>	<u>\$ 4,743</u>	<u>\$ 308</u>	<u>\$ 3,734</u>	<u>\$ 21,205</u>	<u>\$ 2,528</u>



**GULF COUNTY, FLORIDA  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
SEPTEMBER 30, 2011**

	<b>Agency Funds – Tax Collector</b>				
	<b>Tourist</b>	<b>Hunt/ Fish</b>	<b>Tax</b>	<b>Tag Agency</b>	<b>Totals</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 4	\$ 2,165	\$ 538,993	\$ 41,691	\$ 720,503
Accounts receivable (net)	—	—	—	—	2,290
Due from other funds	—	—	—	—	677
Total Assets	<u>4</u>	<u>2,165</u>	<u>538,993</u>	<u>41,691</u>	<u>723,470</u>
<b>Liabilities</b>					
Accounts payable	—	—	300	—	1,699
Due to individuals	—	—	488,181	—	522,103
Due to other funds	—	2,165	10,242	8,683	38,935
Due to other governments	<u>4</u>	<u>—</u>	<u>40,270</u>	<u>33,008</u>	<u>160,733</u>
<b>Total Liabilities</b>	<u><b>\$ 4</b></u>	<u><b>\$ 2,165</b></u>	<u><b>\$ 538,993</b></u>	<u><b>\$ 41,691</b></u>	<u><b>\$ 723,470</b></u>

## **COMPLIANCE SECTION**

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Members of the  
Board of County Commissioners  
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated June 4, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 4, 2012 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial report to the extent considered necessary by the County, except as repeated under the heading current year findings and recommendations. See also Summary Schedule of Prior Year Audit Findings.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Gulf County, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Gulf County, Florida was established by the Constituion of the State of Florida, Article VIII, Section 1(e). The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in note 1 of the notes to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Gulf County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Gulf County, Florida for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 31, 2010. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c., and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards genearily accepted in the United states of America require us to indicate that this letter is intended solely for the information and use of Gulf County Florida, the County Commission, management, certain regulatory agencies, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
June 4, 2012

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the  
Board of County Commissioners  
Gulf County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gulf County, Florida as of and for the year ended September 30, 2011, which collectively comprise Gulf County, Florida's basic financial statements and have issued our report thereon dated June 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered Gulf County, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gulf County, Florida's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (Listed as Items 11-01 to 11-07).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (Listed as Items 11-08 to 11-10).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Gulf County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs. (Listed as Items 11-11 to 11-13).

We noted certain matters that we reported to management of the County in a separate letter dated June 4, 2012.

Management's responses to auditor's comments are included on the attached summary schedule of current year audit findings. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Gulf County Board of County Commissioners, management, the Auditor General of the State of Florida, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
June 4, 2012

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Members of the  
Board of County Commissioners  
Gulf County, Florida

### Compliance

We have audited the Gulf County, Florida's, (the County), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Service's *State Projects Compliance Supplement*, that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2011. The County's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Section 219.97, Florida Statutes (Section 215.97); and Chapter 10.550, *Rules of the Auditor General, State of Florida* (Chapter 10.550). Those standards and OMB Circular A-133, Section 215.97 and Chapter 10.555 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2011.

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine that auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, Section 215.97 or Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, others within the entity, Auditor General of the State of Florida, federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
June 4, 2012



**GULF COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2011**

<u>Federal Awards Program</u>	<u>CFDA #</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Florida Department of Agriculture/Forestry			
VFA 50/50 Grant	10.664	unknown	1,244
VFA 50/50 Grant	10.664	unknown	4,000
Total CFDA			<u>5,244</u>
Total Department of Agriculture			<u>5,244</u>
<b>U.S DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Florida Department of Community Affairs			
Federal Disaster Relief Hurricane Dennis	97.036	06-DN-EG-02-33-00-540	112,107
State of Florida Homeland Security Grant	97.067	10-DS-39-02-33-01-265	38,142
STATE & LOCAL (SLA) 10-11	97.042	11-FG-7W-02-33-01-042	49,530
STATE & LOCAL (SLA) 11-12	97.042	12-FG-R3-02-33-01-090	10,193
Total CFDA			<u>59,723</u>
FEMA 180-06-R Hazard Mitigation	97.039	11HM-3F-02-33-01-003	<u>620,250</u>
Total Department of Homeland Security			<u>830,222</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Florida Department of Community Affairs	14.228	10DB-K4-02-33-01-K15	<u>1,695,066</u>
Total Department of Housing and Urban Development			<u>1,695,066</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through the Florida Department of Revenue			
2010-2011 Child Support Enforcement Title IV-D	93.563	CO523	3,577
2010-2011 Child Support Enforcement Title IV-D	93.563	CO523	59,560
2007-2008 Child Support Enforcement Title IV-D	93.563	CC323	434
Total CFDA			<u>63,571</u>
Total Department of Health and Human Services			<u>63,571</u>

**GULF COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

<u>Federal Awards Program</u>	<u>CFDA #</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through Florida Department of Law Enforcement			
Drug Education Community Service	16.738	2011-JAGC-GULF-1-B2-012	57,037
Equipment to Improve Investigation, Prosecution	16.738	2011-JAGD-GULF-1-B3-058	2,148
Total CFDA			<u>59,185</u>
Total Department of Justice			<u>59,185</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Passed through Fish and Wildlife Service			
Sea Turtle Friendly Lighting	15.632	401816G073	<u>10,515</u>
Total Department of Interior			<u>10,515</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through Florida Energy and Climate Commission			
ARRA - Energy Efficiency and Conservation	81.128	DE-EE0000800	<u>199,500</u>
Total Department of Energy			<u>199,500</u>
<b>FEDERAL HIGHWAY ADMINISTRATION</b>			
Passed through Florida Department of Transportation			
ARRA - Cape San Blas Shared Path	20.205	412681-2-38-01	<u>386,323</u>
Total Federal Highway Administration			<u>386,323</u>
<b>TOTAL FEDERAL</b>			<u><u>3,249,626</u></u>

**GULF COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2011**

<u>State Financial Assistance Projects</u>	<u>CSFA #</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>			
St. Joseph Peninsula Dune Restoration	37.003	10GU1	28,617
Small County Solid Waste Grant	37.012	SC112	70,588
Salinas Park - Florica Recreation Development	37.017	A09094	<u>41,561</u>
Total Department of Environmental Protection			<u>140,766</u>
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>			
County Incentive Grant Program - IOLA RD	55.008	AQ0086	682,185
County Incentive Grant Program - OLD BAY CITY RD	55.008	AQ0087	<u>527,852</u>
Total CSFA			<u>1,210,037</u>
Small County Outreach Program - Widening	55.009	SCOP 429975-1-58-01	21,361
Hazard Mitigation Grant Program - Stumphole	97.039	422457-2-58-01	147,740
Transportation Regional Incentive Program	55.026	TRIP42245715801	64,914
Small County Road Assistance Agreement - Georgia	55.016	SCRAP 429967-1-58-01	184,144
Small County Road Assistance Agreement - Americus	55.016	SCRAP 429967-2-58-01	33,522
Small County Road Assistance Agreement - Alabama	55.016	SCRAP 429967-3-58-01	71,308
Small County Road Assistance Agreement - Court	55.016	SCRAP 429967-4-58-01	82,703
Small County Road Assistance Agreement - Columbus	55.016	SCRAP 430933-1-58-01	<u>5,273</u>
Total CSFA			<u>376,950</u>
Total Department of Transportation			<u>1,821,002</u>
<b>FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS - EMERGENCY MANAGEMENT PROGRAMS</b>			
Emergency Management Preparedness and Assistance	52.008	11-BG-05-02-33-01-142	77,043
Emergency Management Preparedness and Assistance	52.008	12-BG-05-02-33-01-023	<u>21,137</u>
Total CSFA			<u>98,180</u>
Total Department of Community Affairs			<u>98,180</u>
<b>FLORIDA DEPARTMENT OF STATE</b>			
Operating and Equalization State Aid Grants	45.03	11-ST-44	<u>47,716</u>
Total Department of State			<u>47,716</u>
<b>OFFICE OF THE STATE COURTS ADMINISTRATOR</b>			
County Article V Trust Fund	22.003	Approp 2219	25,833
Courthouse Facility Appropriation - Repair	22.004	Approp 333A	<u>17,333</u>
Total Office of the State Courts Administrator			<u>43,166</u>

**GULF COUNTY, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

<u>State Financial Assistance Projects</u>	<u>CSFA #</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
<b>FLORIDA E911 BOARD</b>			
2009-2010 Rural County Grant Program	72.001	10-03-03	161,807
2010-11 Rural County Grant Program	72.001	11-04-33	12,428
Total CSFA			<u>174,235</u>
Total Florida E911 Board			<u>174,235</u>
<b>FLORIDA DEPARTMENT OF HEALTH</b>			
Bureau of Emergency Medical Services	64.003	C6023	3,993
Bureau of Emergency Medical Services	64.003	C9023	281
Total CSFA			<u>4,274</u>
Total Department of Health			<u>4,274</u>
<b>FLORIDA HOUSING FINANCE AUTHORITY</b>			
2009-2010 State Housing Initiative Program	52.901	2009/2010	<u>25,598</u>
Total Department of Interior			<u>25,598</u>
<b>FLORIDA DEPARTMENT OF AGRICULTURE &amp; CONSUMER SERVICES</b>			
Mosquito Control/Waste Tire Abatement Grant	42.003	2006-2007	24,849
Mosquito Control/Waste Tire Abatement Grant	42.003	2007-2008	37,488
Mosquito Control/Waste Tire Abatement Grant	42.003	2008-2009	10,910
Total CSFA			<u>73,247</u>
Total Department of Community Affairs			<u>73,247</u>
<b>TOTAL FEDERAL</b>			<u><u>2,428,184</u></u>

**GULF COUNTY, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Note 1 – Basis of Accounting**

The supplementary schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the County. Expenditures are presented on the modified accrual basis of accounting.

**Note 2 – Reporting Entity**

For the purpose of the supplementary schedule of expenditures of federal awards and state financial assistance the County includes all the funds of the primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

**Note 3 – Pass-Through Awards**

The Board received certain federal awards from pass-through awards of the State of Florida. The total amount of such pass-through awards is included on the supplementary schedule of expenditures of federal awards and state financial assistance.

**GULF COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2011**

**Section 1 – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued	Unqualified	
Internal control over financial reporting		
Material weakness(es) identified?	<u>  X  </u> yes	<u>      </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>  X  </u> yes	<u>      </u> none reported
Noncompliance material to financial statements noted:	<u>  X  </u> yes	<u>      </u> no

Federal Awards and State Financial Assistance

Internal control over major programs		
material weakness(es) identified?	<u>      </u> yes	<u>  X  </u> no
Significant deficiency (ies) identified not considered to be material weaknesses?	<u>      </u> yes	<u>  X  </u> none Reported
Type of auditor’s report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) or Section 10.557, Rules of the Auditor General?	<u>      </u> yes	<u>  X  </u> no

Identification of major federal awards/state financial assistance projects:

<u>CFDA/CSFA Number</u>	<u>Name of Federal Award/State Financial Assistance Project</u>
55.008	County Incentive Grant Program
55.016	Small County Road Assistance
97.039	FEMA 1806-06 R Hazard Mitigation Grant
14.228	FFY 2008 Disaster Recovery Program
81.128	ARRA – Energy Efficiency and Conservation Block Grant
20.205	ARRA – Cape San Blas Shared Path

(continued)

**GULF COUNTY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2011**

Dollar threshold used to distinguish  
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee?   X   yes        none

**Section II – Financial Statement Findings**

See Summary Schedule of Current Year Findings

**Section III – Findings and Questioned Costs – Major Federal Award Programs**

No findings or questioned costs in the current year.

**Section IV – Findings and Questioned Costs – Major State Financial Assistance Projects**

No findings or questioned costs in the current year.

**Section V – Other Issues**

No Corrective Action Plan is required because there were no findings required to be reported under the Florida single Audit Act.

**GULF COUNTY, FLORIDA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
SEPTEMBER 30, 2011**

**09-02 Segregation of Duties**

Status: See current year findings.



**GULF COUNTY, FLORIDA**  
**SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS**  
**SEPTEMBER 30, 2011**

11-01 The Tourist Development Council (TDC) personnel were not familiar with County Ordinance 98-14 and Florida Statute 125.0104 governing the administration of the Tourist Development Trust Fund. Knowledge of these laws and regulations are critical to understanding and fulfilling the legal function and application of internal controls.

**RECOMMENDATION** - Management should verify TDC personnel are familiar with applicable local ordinances and Florida statutes governing tourist development activity.

**RESPONSE** - The TDC does conduct meetings to discuss applicable local ordinances and Florida statutes governing tourist development activity.

11-02 The TDC Board did not exercise oversight responsibility regarding expenditures from the TDC Trust Fund. In accordance with Gulf County Ordinance 98-14 payments from the Trust Fund shall be authorized only for activities specifically approved by a majority vote of the TDC Board.

**RECOMMENDATION** - Management should verify TDC personnel are familiar with applicable local ordinances and Florida statutes governing tourist development activity.

**RESPONSE** - The TDC does conduct meetings to discuss applicable local ordinances and Florida statutes governing tourist development activity.

11-03 Disbursements were made from the TDC Trust Fund that did not comply with County purchasing policies. This circumvented the controls established by such policies as part of the Comptroller function of the Gulf County Clerk's office to verify that adequate documentation exists to support expenditures.

**RECOMMENDATION** - Management should verify TDC personnel are familiar with purchasing policies governing tourist development activity.

**RESPONSE** - The TDC strives to adhere to county purchasing policies.

11-04 The internal control procedures in place were not followed, and deficiencies were not acted on in a timely manner by the Board of County Commissioners.

**RECOMMENDATION** - The BOCC and TDC personnel should adhere to internal controls that properly segregate duties and institute proper safeguards over the solicitation, receipt, and disposition of assets.

**RESPONSE** - The BOCC and TDC personnel agree with this finding and have taken the necessary steps to adhere to internal controls that properly segregate duties and institute proper safeguards over the solicitation, receipt, and disposition of assets.

11-05 The executive director of the TDC authorized and approved expenditures without presenting for review or approval to the TDC Board. This circumvented the internal control over expenditures.

**GULF COUNTY, FLORIDA**  
**SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (continued)**  
**SEPTEMBER 30, 2011**

11-05 (continued)

**RECOMMENDATION** - The BOCC and TDC personnel should adhere to internal controls that properly segregate duties and institute proper safeguards over the solicitation, receipt, and disposition of assets.

**RESPONSE** - The BOCC and TDC personnel agree with this finding and have taken the necessary steps to adhere to internal controls that properly segregate duties and institute proper safeguards over the solicitation, receipt, and disposition of assets.

11-06 The TDC Executive Director approved invoices for payment that were not in compliance with County purchasing policies. This circumvented the controls established by such policies.

**RECOMMENDATION** - Management should verify TDC personnel are familiar with purchasing policies governing tourist development activity.

**RESPONSE** - The TDC strives to adhere to county purchasing policies.

11-07 –Ambulance Billings

During the year, the County entered into a contract for ambulance billing services. The county has not implemented a system to verify all ambulance billing is reported, filed, and collected by the billing service. In addition, the contract requires the billing company to undergo an annual audit at their expense to insure adequate internal controls are in place to safe guard the County assets. The billing company has had no such audit.

**RECOMMENDATION** – Management should verify all items within contracts are adhered to by third party vendors operating on behalf of the BOCC.

**RESPONSE** - The BOCC agrees with this finding and have taken the necessary steps to insure contracts entered into by the BOCC are enforced.

11-08 Segregation of Duties (Prior Year 10-01)

The following Constitutional Officers were considered to lack proper segregation of duties necessary for proper internal controls: the Sheriff's Office, Supervisor of Elections, Property Appraiser and Tax Collector. Proper segregation of accounting and administrative duties includes the requirement that no single person has (1) the ability to authorize transactions, (2) access to assets, and (3) the ability to record financial transactions. The failure to maintain separation of these functions subjects the County to risk that material misstatements or fraud may occur and not be detected by employees in a timely manner during the performance of their assigned tasks. The limited number of employees within the offices precludes ideal segregation of duties. We recommend that in the absence of the ability to hire additional employees, that alternative procedures, including additional oversight with regard to certain functions, be performed regularly to mitigate the risks caused by this deficiency in internal controls. Management's response – Budget constraints do not allow for additional personnel. The County has and will continue to implement oversight procedures considered necessary to mitigate the risks associated with the lack of segregation of duties.

**GULF COUNTY, FLORIDA**  
**SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (continued)**  
**SEPTEMBER 30, 2011**

11-08 Segregation of Duties (Prior Year 10-01) (continued)

**RECOMMENDATION** – Mitigating procedures including additional oversight with regard to certain duties should be performed regularly in the absence of hiring additional employees

**RESPONSE** – Due to the limited number of employees, it is virtually impossible to maintain complete segregation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal controls.

11-09 County Ordinance 98-14, authorizing the establishment of a Tourist Development Tax and Council has not been updated by the Board of County Commissioners since enactment in 1998. There is no mechanism in place to review and update when operating changes occur.

**RECOMMENDATION** - Management should verify TDC policies and procedures are current and that those policies and procedures comply with Florida statutes governing tourist development activity.

**RESPONSE** - The BOCC agrees with this finding and have taken the necessary steps to insure policies and procedures are current and that those policies and procedures comply with Florida statutes governing tourist development activity.

11-10 Certain expense reports for travel were approved by the County Administration that were not properly completed, and that did not contain all the required documentation.

**RECOMMENDATION** - Management should verify all county personnel are familiar with applicable reimbursement policies and adhere to those policies when travel reimbursements are disbursed.

**RESPONSE** - The BOCC agrees with this finding and have taken the necessary steps to insure reimbursement policies and procedures are adhered to and that those policies and procedures comply with Florida statutes.

11-11 In accordance with Florida Statute 112.311, it is essential to the proper conduct and operation of government that public officials be independent and impartial and that public office not be used for private gain other than the remuneration provided by law. The public interest, therefore, requires that the law protects against any conflict of interest and establishes standards for the conduct of elected officials and government employees in situations where conflicts may exist. The statute defines “conflict” or “conflict of interest” as a situation in which regard for a private interest tends to lead to disregard of a public duty or interest. Expenditures in excess of \$435,000 during the fiscal year ending September 30, 2011 were approved by and paid to related parties without review by the oversight Board, and some expenditures did not comply with county policies requiring contractual agreements and evidence of competitive bids.

**GULF COUNTY, FLORIDA**  
**SUMMARY SCHEDULE OF CURRENT YEAR AUDIT FINDINGS (continued)**  
**SEPTEMBER 30, 2011**

11-11 (continued)

**RECOMMENDATION** - Management should contract services and authorize payments in compliance with the BCC Purchasing Policy.

**RESPONSE** - The BOCC agrees with this finding and have taken the necessary steps to insure policies and procedures are current and that those policies and procedures comply with Florida statutes governing tourist development activity.

11-12 The TDC received certain funds from BP Exploration and Production, Inc. as part of an agreement referred to as “Memorandum of Understanding Between BP Exploration & Production Inc. and Florida’s Coastal Northwest Communication Council, Inc.” The agreement contained certain restrictions on the use of the funds paid to the Gulf County TDC. The agreement included the requirement that disbursement of the funds would be in compliance with all applicable laws and regulations. Certain expenditures were made by the County that did not comply with all policies, regulations and laws.

**RECOMMENDATION** - Management should contract services and authorize payments in compliance with the BCC Purchasing Policy.

**RESPONSE** - The BOCC agrees with this finding and have taken the necessary steps to insure policies and procedures are current and that those policies and procedures comply with Florida statutes governing tourist development activity.

11-13 Certain per diem reimbursements for travel expenses were requested in excess of the proper amount allowed.

**RECOMMENDATION** - Management should verify all county personnel are familiar with applicable reimbursement policies and adhere to those policies when travel reimbursements are disbursed.

**RESPONSE** - The BOCC agrees with this finding and have taken the necessary steps to insure reimbursement policies and procedures are adhered to and that those policies and procedures comply with Florida statutes.



**Gulf County, Florida  
Clerk of the Circuit Court**

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**Special-Purpose  
Financial Statements  
September 30, 2011**

**Vance CPA, LLC**

*Certified Public Accountant*

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**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT  
SEPTEMBER 30, 2011**

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# Vance CPA, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Rebecca L. Norris  
Gulf County Clerk of the Circuit Court  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Clerk. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Clerk of the Circuit Court's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of the Circuit Court's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These special-purpose financial statements are not intended to be a complete presentation of the Clerk of the Circuit Court's financial position and its changes in financial position, where applicable, therefore, for the year then ended, in conformity with accounting principles generally accepted in the United States. Additionally, the special-purpose statements present only the Clerk of the Circuit Court and do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2011, and the changes in its financial position, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements, referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Clerk for the Circuit Court as of September 30, 2011, and the respective changes in financial position thereof, and the budgetary comparison for the general fund, the modernization trust fund, and the administrative order 86-12 fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1, the Clerk of the Circuit Court changed its method of accounting and reporting for governmental fund balances effective October 1, 2010 as a result of the adoption of Governmental Accounting Standards Boards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2012, on our consideration of the Clerk's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Clerk, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012



**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 93,048	\$ 219,047	\$ 149,735	\$ 461,830
Due from other funds	11,069	506	—	11,575
Due from other governmental units	10,309	—	—	10,309
Due from Board of County Commissioners	<u>11,671</u>	<u>—</u>	<u>—</u>	<u>11,671</u>
<b>Total Assets</b>	<u>126,097</u>	<u>219,553</u>	<u>149,735</u>	<u>495,385</u>
<b>Liabilities and fund balances:</b>				
Liabilities				
Accounts payable and and accrued expenses	23,644	4,786	—	28,430
Due to other funds	510	—	—	510
Due to other governmental units	13,459	—	—	13,459
Due to Board of County Commissioners	<u>88,484</u>	<u>—</u>	<u>—</u>	<u>88,484</u>
<b>Total Liabilities</b>	<u>126,097</u>	<u>4,786</u>	<u>—</u>	<u>130,883</u>
<b>Fund Balance:</b>				
Spendable - Restricted	<u>—</u>	<u>214,767</u>	<u>149,735</u>	<u>364,502</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 126,097</b></u>	<u><b>\$ 219,553</b></u>	<u><b>\$ 149,735</b></u>	<u><b>\$ 495,385</b></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES  
GOVERNMENTAL FUNDS**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>General Fund</u>	<u>Modernization Trust Fund</u>	<u>Administrative Order 86-12 Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Charges for services	\$ 79,127	\$ 29,165	\$ —	\$ 108,292
Intergovernmental revenue	484,471	—	—	484,471
Fines and forfeitures	—	10,245	—	10,245
Interest and other income	87,587	684	436	88,707
<b>Total revenue</b>	<u>651,185</u>	<u>40,094</u>	<u>436</u>	<u>691,715</u>
<b>Expenditures:</b>				
General government				
Personal services	397,273	—	—	397,273
Operating expenditures	90,219	16,499	—	106,718
Capital outlay	24,168	—	—	24,168
Debt Service	142	—	—	142
Court-related				
Personal services	409,679	—	—	409,679
Operating expenditures	23,491	37,526	561	61,578
Capital outlay	—	1,014	—	1,014
Debt service	224	—	—	224
<b>Total expenditures</b>	<u>945,196</u>	<u>55,039</u>	<u>561</u>	<u>1,000,796</u>
Excess (deficit) of revenues over (Under) Expenditures	(294,011)	(14,945)	(125)	(309,081)
<b>Other financing sources (uses)</b>				
Capital lease proceeds	18,570	—	—	18,570
Transfers from Board of County Commissioners	387,107	—	—	387,107
Transfers to Board of County Commissioners	(88,166)	—	—	(88,166)
Remittance to State of Florida	(23,500)	—	—	(23,500)
<b>Total other financing Sources (uses)</b>	<u>294,011</u>	<u>—</u>	<u>—</u>	<u>294,011</u>
<b>Net change in fund balances</b>	—	(14,945)	(125)	(15,070)
<b>Fund balances - beginning</b>	<u>—</u>	<u>229,712</u>	<u>149,860</u>	<u>379,572</u>
<b>Fund balance - ending</b>	<u>\$ —</u>	<u>\$ 214,767</u>	<u>\$ 149,735</u>	<u>\$ 364,502</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Budget Positive (Negative)</b>
<b>Revenues:</b>				
Charges for services	\$ 82,935	\$ 82,935	\$ 79,127	\$ (3,808)
Intergovernmental revenue	344,720	459,756	484,471	24,715
Interest and other income	105,365	129,220	87,587	(41,633)
<b>Total revenues</b>	<u>533,020</u>	<u>671,911</u>	<u>651,185</u>	<u>(20,726)</u>
<b>Expenditures:</b>				
General Government				
Personal services	444,049	444,049	397,273	46,776
Operating expenditures	124,037	124,037	90,219	33,818
Capital outlay	7,321	7,321	24,168	(16,847)
Debt Service	—	—	142	(142)
Court-related				
Personal services	314,112	420,865	409,679	11,186
Operating expenditures	30,608	40,937	23,491	17,446
Capital outlay	—	—	—	—
Debt service	—	—	224	(224)
<b>Total expenditures</b>	<u>920,127</u>	<u>1,037,209</u>	<u>945,196</u>	<u>92,013</u>
Excess (deficit) of revenues over (under) expenditures	<u>(387,107)</u>	<u>(365,298)</u>	<u>(294,011)</u>	<u>71,287</u>
<b>Other financing sources (uses)</b>				
Capital lease proceeds	—	—	18,570	18,570
Transfers from Board of County Commissioners	387,107	387,107	387,107	—
Transfers to Board of County Commissioners	—	(21,809)	(88,166)	(66,357)
Remittance to State of Florida	—	—	(23,500)	(23,500)
<b>Total other financing Sources (uses)</b>	<u>387,107</u>	<u>365,298</u>	<u>294,011</u>	<u>(71,287)</u>
<b>Net change in fund balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES  
BUDGET AND ACTUAL – MODERNIZATION TRUST FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 31,000	\$ 31,000	\$ 29,165	\$ (1,835)
Fines and forfeitures	15,000	15,000	10,245	(4,755)
Interest and other income	<u>700</u>	<u>700</u>	<u>684</u>	<u>(16)</u>
<b>Total revenues</b>	<u>46,700</u>	<u>46,700</u>	<u>40,094</u>	<u>(6,606)</u>
<b>Expenditures:</b>				
General Government				
Operating expenditures	—	—	16,499	(16,499)
Capital outlay	177,820	177,820	—	177,820
Court-related				
Personal services	33,601	33,601	—	33,601
Operating expenditures	—	—	37,526	(37,526)
Capital outlay	<u>65,352</u>	<u>65,352</u>	<u>1,014</u>	<u>64,338</u>
<b>Total expenditures</b>	<u>276,773</u>	<u>276,773</u>	<u>55,039</u>	<u>221,734</u>
Excess (deficit) of revenues over (under) expenditures	<u>(230,073)</u>	<u>(230,073)</u>	<u>(14,945)</u>	<u>215,128</u>
<b>Net change in fund balances</b>	<u>(230,073)</u>	<u>(230,073)</u>	<u>(14,945)</u>	<u>215,128</u>
<b>Fund balances - beginning</b>	<u>230,073</u>	<u>230,073</u>	<u>229,712</u>	<u>(361)</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 214,767</u></u>	<u><u>\$ 214,767</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN RESTRICTED FUND BALANCES  
BUDGET AND ACTUAL – ADMINISTRATIVE ORDER 86-12 FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Interest and other income	\$ 450	\$ 450	\$ 436	\$ (14)
<b>Total revenues</b>	<u>450</u>	<u>450</u>	<u>436</u>	<u>(14)</u>
<b>Expenditures:</b>				
Court-related				
Operating expenditures	—	—	561	(561)
Capital outlay	<u>150,310</u>	<u>150,310</u>	<u>—</u>	<u>150,310</u>
<b>Total expenditures</b>	<u>150,310</u>	<u>150,310</u>	<u>561</u>	<u>149,749</u>
Excess (deficit) of revenues over (under) expenditures	<u>(149,860)</u>	<u>(149,860)</u>	<u>(125)</u>	<u>149,735</u>
<b>Net change in fund balances</b>	<u>(149,860)</u>	<u>(149,860)</u>	<u>(125)</u>	<u>149,735</u>
<b>Fund balances - beginning</b>	<u>149,860</u>	<u>149,860</u>	<u>149,860</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 149,735</u></u>	<u><u>\$ 149,735</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
CLERK OF THE CIRCUIT COURT**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS**

**SEPTEMBER 30, 2011**

**ASSETS**

Cash and Cash Equivalents	\$ 137,222
Accounts receivable (net)	190
Due from other funds	609
Due from Board of County Commissioners	<u>68</u>

**Total Assets** \$ 138,089

**LIABILITIES AND FUND BALANCES**

Liabilities	
Accounts payable	1,399
Due to individuals	33,408
Due to other governments	87,451
Due to other funds	11,674
Due to Board of County Commissioners	<u>4,157</u>

**Total Liabilities** \$ 138,089

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Clerk of the Circuit Court of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Clerk is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Clerk is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Clerk's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Clerk funds operations as a court officer and a budget officer pursuant to Florida Statutes, Chapters 28, 218 and 129. As a court officer, the Clerk is funded through an appropriation from the State of Florida. These court appropriations are to be used exclusively for funding court-related operations of the clerk. As a budget officer, the operations as Clerk to the Board are approved and funded by the Board of County Commissioners. The budgeted receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Excesses of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America, as applicable to governments.

**B. Basis of Presentation – Fund Accounting**

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Clerk utilizes the following fund types:

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Types**

*General Fund* – The general fund is the general operating fund of the Clerk. It is used to account for all financial resources, except for those required to be accounted for in other funds.

*Modernization Trust Fund* – The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

*Administrative Order 86-12 Fund* – This fund is used to account for additional court costs of traffic infractions to be used for administering traffic violations.

**Fiduciary Fund Type**

*Agency Funds* – The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in financial position.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Clerk considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.



**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**E. Budgets and Budgetary Accounting**

Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Clerk. Appropriations lapse at the end of the fiscal year to the extent they have not been expended. The budgeted revenues and expenditures in the accompanying budgetary comparison statement reflect all approved amendments.

Florida Statutes Chapter 218.35 governs the preparation, adoption, and administration of the Clerk’s annual budget. The Clerk establishes an annual budget for the office which clearly reflects the revenues available to the office and the functions for which the money is to be expended.

The Clerk prepares the budget in three parts:

1. The budget relating to the requirements of the Clerk as the Ex Officio Clerk to the Board, County Auditor, County Recorder, and Custodian or Treasurer of all County funds and other county related duties, and for chapter 29 obligations;
2. The budget relating to the Florida court system, which is filed with the Clerk of Courts Operations Corporation (CCOC) by August 15 preceding the fiscal year of the budget, in the format required by the CCOC. Section 28.36, Florida Statutes, defines the maximum annual budget permitted; and
3. The budget for all other operations of the Clerk.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The annual budgetary data reported for the governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States and represent the Clerk's adopted budget, the original appropriation ordinance, and budget amendments approved by the Clerk or as adopted by the Board.

**F. Cash and Cash Equivalents**

The Clerk considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**G. Capital Assets**

Capital assets purchased in the governmental fund type are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Clerk are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Clerk maintains custodial responsibility for the capital assets used by her office.

**H. Liability for Compensated Absences**

The Clerk accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Clerk does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

**I. Related Organizations – Common Expenses**

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Clerk. These expenses relating to the Clerk's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Distribution of Excess Revenues**

Florida Statutes require that the Clerk distribute any excess of revenues over expenditures within the general fund to the board within 31 days following the end of the fiscal year. Accordingly, the amount of excess revenues distributed to the Board at the end of the year is presented in the accompanying special-purpose financial statements as “other financing uses.”

**K. New Fund Balance Reporting and Governmental Fund-Type Definitions**

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and/or internal constraints in how fund balance amounts may be spent.

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. There were no non-spendable fund balances at the Clerk as of September 30, 2011.

Spendable fund balances are classified based on a hierarchy of the Clerk’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. The Clerk’s fund balances for the Modernization Trust and Administrative Order 86-12 fall into this category.

The adoption of GASB Statement No. 54 did not have an impact on the Clerk’s general fund financial statements at September 30, 2011, since the Clerk does not maintain fund balances in the general fund. Fund balances maintained in the modernization trust fund and administrative 86-12 fund are restricted pursuant to certain Florida Statutes and have been presented, as restricted fund balances in the fund financial statements in accordance with GASB Statement No. 54.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**M. Subsequent Events**

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

**NOTE 2 - CASH AND INVESTMENTS**

**Cash Deposits**

All Clerk depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Clerk cash consists of checking accounts and interest-bearing time deposits in a local bank.

**Investments**

The Clerk held no investments at September 30, 2011.

**Interest Rate Risk**

At September 30, 2011, the Clerk did not hold any investments that were considered to be an interest rate risk.

**Credit Risk**

At September 30, 2011 the Clerk did not hold any investments that were considered to be a credit risk.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 2 - CASH AND INVESTMENTS (continued)**

**Custodial Risk**

At September 30, 2011 the Clerk did not hold any deposits or investments that were considered to be a custodial risk.

**Concentration of Credit Risk**

At September 30, 2011 the Clerk did not hold any deposits or investments that were considered to be a credit risk.

**NOTE 3 – EMPLOYEE BENEFITS**

**RETIREMENT PLAN**

**A. Plan Description**

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

**B. Funding Policy**

The funding method and the determination of benefits payable are provided in various acts of the Florida Legislature. Until July 1, 2011, these acts provide that employers pay all contributions at rates determined each year by the legislature. Beginning July 1, 2011 employees are required to contribute 3% of their earnings except for those in DROP. The rates, as a percentage of gross earnings, are as follows:

	<b><u>10/1/2010 through 6/30/2011</u></b>	<b><u>7/1/2011 through 9/30/2011</u></b>
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials	18.64%	11.14%
DROP program participants	12.25%	4.42%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011 the total payroll for all employees was \$669,530 and the retirement contributions for all employees' covered by the System for the year ended September 30, 2011 2010 and 2009 were \$70,954, \$76,008 and \$73,107 respectively, which is equal to the required contribution for each year. Current year contributions represented 10.5% of covered payroll.

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In accordance with Florida Statutes Section 112.0801, the Clerk participates with Gulf County in offering retiring employees the opportunity to continue participating in the group insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 171 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

The details of the plan, methodology, and costs are more fully described in the Gulf County Notes to the Financial Statements.

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable at September 30, 2011 are as follows:

	<b><u>Due from Other Funds</u></b>	<b><u>Due to Other Funds</u></b>
Governmental funds		
General fund	\$ 11,069	\$ 510
Modernization trust fund	506	—
Agency funds		
Article V trust	99	506
Fee trust	—	9,369
Jury and witness	510	1,500
Child support	<u>—</u>	<u>299</u>
<b>Total</b>	<b><u>\$ 12,184</u></b>	<b><u>\$ 12,184</u></b>

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS**

As disclosed in note 1, the liability associated with compensated absences is reported on the county wide financial statement level. The following is a summary of the changes in long-term obligations of the Clerk for the year ended September 30, 2011.

	<u>Balance</u> <u>9/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2011</u>
Accumulated compensated absences	\$ 21,534	\$ —	\$ (3,218)	\$ 18,316

The current portion of compensated absences liability estimated to be paid during the next year is \$4,579.

**NOTE 6 – RISK MANAGEMENT**

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Clerk participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

**NOTE 7 – ENCUMBRANCES**

Encumbrances represent commitments related to unperformed contracts for goods and services. They do not constitute expenditures or liabilities. The commitments will be honored in the subsequent year for those that expire at year end. The Clerk had no outstanding encumbrances at September 30, 2011.



**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 8 – CAPITAL LEASE**

The Clerk leases copiers under a lease expiring November 2016 which meets the criteria for capitalization. The lease is financed from General Fund resources.

The estimated value of the leased copiers at the inception of the lease amounted to \$18,570. The related present value of the remaining obligation under the capital lease which amounted to \$18,335 at September 30, 2011.

As noted in note 1, the liability associated with the capital lease is reported on the county wide financial statement level.

The future minimum obligations under the capital lease at September 30, 2011 is as follows:

<b><u>Year ending</u></b> <b><u>September 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2012	\$ 2,956	\$ 1,435	\$ 4,391
2013	3,215	1,176	4,391
2014	3,497	894	4,391
2015	3,804	587	4,391
2016	4,138	253	4,391
2017	725	8	733
Totals	<u>\$ 18,335</u>	<u>\$ 4,353</u>	<u>\$ 22,688</u>

## **COMBINING FINANCIAL STATEMENTS**

**GULF COUNTY, FLORIDA - CLERK OF THE CIRCUIT COURT  
COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES  
AGENCY FUNDS**

**SEPTEMBER 30, 2011**

	<u>Fee Trust</u>	<u>Article V Trust</u>	<u>Jury &amp; Witness</u>	<u>Registry of Court</u>	<u>Child Support</u>	<u>Bond</u>	<u>Total Agency Funds</u>
<b>Assets:</b>							
Cash and cash equivalents	\$ 47,631	\$ 60,111	\$ 3,224	\$ 4,743	\$ 308	\$ 21,205	\$ 137,222
Accounts receivable (net)	190	—	—	—	—	—	190
Due from other funds	—	99	510	—	—	—	609
Due from Board Of County Commissioners	68	—	—	—	—	—	68
<b>Total assets</b>	<u>47,889</u>	<u>60,210</u>	<u>3,734</u>	<u>4,743</u>	<u>308</u>	<u>21,205</u>	<u>138,089</u>
<b>Liabilities:</b>							
Accounts payable	109	1,290	—	—	—	—	1,399
Due to individuals	4,460	3,000	—	4,743	—	21,205	33,408
Due to other governments	31,798	53,410	2,234	—	9	—	87,451
Due to other funds	9,369	506	1,500	—	299	—	11,674
Due to Board of County Commissioners	2,153	2,004	—	—	—	—	4,157
<b>Total Liabilities</b>	<u>\$ 47,889</u>	<u>\$ 60,210</u>	<u>\$ 3,734</u>	<u>\$ 4,743</u>	<u>\$ 308</u>	<u>\$ 21,205</u>	<u>\$ 138,089</u>

## **COMPLIANCE SECTION**

**Vance CPA, LLC**  
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**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

To the Honorable Rebecca L. Norris  
Gulf County Clerk of the Circuit Court  
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Clerk of the Circuit Court as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 31, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2012 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Clerk of the Circuit Court complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Clerk of the Circuit Court has no component units.

Sections 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Clerk of the Circuit Court, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012

# Vance CPA, LLC

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Rebecca L. Norris  
Gulf County Clerk of the Circuit Court  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Clerk of the Circuit Court, (Clerk), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 31, 2012, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Clerk's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

#### Compliance and other matters

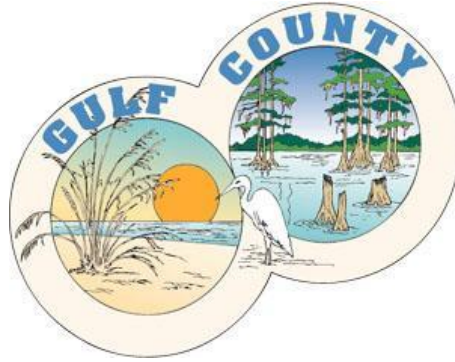
As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Clerk of the Circuit Court, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012





## **Gulf County, Florida Sheriff**

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**Special-Purpose  
Financial Statements  
September 30, 2011**

### **Vance CPA, LLC**

*Certified Public Accountant*

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**GULF COUNTY SHERIFF  
SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Joe Nugent  
Gulf County Sheriff  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Sheriff as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Sheriff. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Sheriff's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These special-purpose financial statements are not intended to be a complete presentation of the Sheriff's financial position and its changes in financial position, where applicable, therefore, for the year then ended, in conformity with accounting principles generally accepted in the United States. Additionally, the special-purpose statements present only the Sheriff and do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2011, and the changes in its financial position, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of the Sheriff, as of September 30, 2011, and the changes in its financial position thereof, and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the Financial Statements, the Sheriff has adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, in the current year.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2012, on our consideration of the Sheriff's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Sheriff, management, the Board of County Commissioners of Gulf County Florida and the State of Florida Office of the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012

**GULF COUNTY, FLORIDA  
SHERIFF**

**SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 46,172	\$ 14,583	\$ 60,755
Due from Board of County Commissioners	3,975	—	3,975
Prepaid expenditures	17,190	—	17,190
<b>Total Assets</b>	<b><u>67,337</u></b>	<b><u>14,583</u></b>	<b><u>81,920</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable and accrued expenses	50,762	—	50,762
Due to Board of County Commissioners	16,575	—	16,575
<b>Total Liabilities</b>	<b><u>67,337</u></b>	<b><u>—</u></b>	<b><u>67,337</u></b>
Fund Balances			
Restricted For:			
Public Safety	—	14,583	14,583
<b>Total Fund Balances</b>	<b><u>—</u></b>	<b><u>14,583</u></b>	<b><u>14,583</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 67,337</u></b>	<b><u>\$ 14,583</u></b>	<b><u>\$ 81,920</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Charges for services	\$ 181,000	\$ —	\$ 181,000
Intergovernmental revenue	62,928	—	62,928
Fines and forfeitures	6,458	—	6,458
Interest and other miscellaneous income	29,833	8,638	38,471
<b>Total Revenues</b>	<b><u>280,219</u></b>	<b><u>8,638</u></b>	<b><u>288,857</u></b>
<b>EXPENDITURES</b>			
Public Safety			
Personal services	1,931,153	—	1,931,153
Operating expenditures	387,427	9,623	397,050
Capital outlay	197,321	—	197,321
Debt Service	17,661	—	17,661
<b>Total Expenditures</b>	<b><u>2,533,562</u></b>	<b><u>9,623</u></b>	<b><u>2,543,185</u></b>
Excess (deficit) of revenues over (under) expenditures	<u>(2,253,343)</u>	<u>(985)</u>	<u>(2,254,328)</u>
<b>Other financing sources (uses)</b>			
Transfers from Board of County Commissioners	2,155,467	—	2,155,467
Transfers in from other funds	—	5,000	5,000
Issuance of Debt	102,941	—	102,941
Transfers to Board of County Commissioners	(65)	—	(65)
Transfers out to other funds	(5,000)	—	(5,000)
<b>Total Other Financing Sources (Uses)</b>	<b><u>2,253,343</u></b>	<b><u>5,000</u></b>	<b><u>102,876</u></b>
<b>Net change in fund balances</b>	<b><u>—</u></b>	<b><u>4,015</u></b>	<b><u>4,015</u></b>
<b>Fund balances - beginning</b>	<b><u>—</u></b>	<b><u>10,568</u></b>	<b><u>10,568</u></b>
<b>Fund balances - ending</b>	<b><u>\$ —</u></b>	<b><u>\$ 14,583</u></b>	<b><u>\$ 14,583</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
SHERIFF**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 181,000	\$ 181,000	\$ 181,000	\$ —
Intergovernmental revenue	57,037	62,928	62,928	—
Fines and forfeitures	—	6,458	6,458	—
Interest and other income	—	29,833	29,833	—
<b>Total revenues</b>	<u>238,037</u>	<u>280,219</u>	<u>280,219</u>	<u>—</u>
<b>Expenditures:</b>				
Public Safety				
Personal services	1,977,702	1,980,102	1,931,153	48,949
Operating expenditures	409,705	415,793	387,427	28,366
Capital outlay	3,500	142,732	197,321	(54,589)
Debt service	—	—	17,661	(17,661)
<b>Total expenditures</b>	<u>2,390,907</u>	<u>2,538,627</u>	<u>2,533,562</u>	<u>5,065</u>
Excess (deficit) of revenues over (under) expenditures	<u>(2,152,870)</u>	<u>(2,258,408)</u>	<u>(2,253,343)</u>	<u>5,065</u>
<b>Other financing sources (uses)</b>				
Transfers from Board of County Commissioners	2,152,870	2,155,467	2,155,467	—
Transfers in from other funds	—	—	—	—
Issuance of debt	—	102,941	102,941	—
Transfers to Board of County Commissioners	—	—	(65)	(65)
Transfers out to other funds	—	—	(5,000)	(5,000)
<b>Total other financing Sources (uses)</b>	<u>2,152,870</u>	<u>2,258,408</u>	<u>2,253,343</u>	<u>(5,065)</u>
<b>Net change in fund balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
SHERIFF**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND**

**SEPTEMBER 30, 2011**

	<b><u>Individual Depository</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 428
Accounts receivable (net)	<u>2,100</u>
<b>Total Assets</b>	<b><u>\$ 2,528</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Due to individuals	514
Due to Board of County Commissioners	<u>2,014</u>
<b>Total Liabilities</b>	<b><u>\$ 2,528</u></b>

See accompanying notes to the basic financial statements



**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Sheriff of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Sheriff is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county wide financial statements.

These special-purpose financial statements include only the balances and activity of the Sheriff's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The Gulf County Board of County Commissioners (Board) funds a portion or, in certain instances, all of the operating budgets of the County's Constitutional Officers except obligations specified under Florida Statutes Chapter 29. The payments by the Board to fund the operations of the Constitutional Officers are recorded as transfers out on the financial statements of the Board and as transfers from the Board on the financial statements of the Constitutional Officers. Repayments to the Board are recorded as transfers out on the financial statements of the Constitutional Officers and as transfers in on the financial statements of the Board.

The accounting policies of the Sheriff conform to accounting principles generally accepted in the United States of America, as applicable to governments.

**B. Basis of Presentation – Fund Accounting**

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Sheriff utilizes the following fund types:

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Types**

***General Fund*** – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except those required to be accounted for in other funds.

***Special Revenue Funds*** – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title “Other Governmental Funds.”

***2.50 Fund*** - Used to account for the activities of employee contributions.

***Forfeiture Fund*** - Used to account for revenues and expenditures relating to various forfeitures.

**Fiduciary Fund Types**

***Agency Funds*** – The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Sheriff considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues in the current year. Charges for services and interest are susceptible to accrual.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**E. Budgets and Budgetary Accounting**

Florida Statutes Chapter 30.49 governs the preparation, adoption, and administration of the Sheriff’s annual budget. Expenditures, other than those for certain agency funds, are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes. Budgets are adopted for governmental and special revenue funds. Budgetary control is exercised at the fund level. Budgetary changes within the fund are made at the discretion of the Sheriff. Appropriations lapse at the end of the fiscal year to the extent they have not been expended.

The annual budgetary data reported for governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America and represent the Sheriff’s adopted budget, the original appropriation ordinance, and budget amendments approved by the Sheriff or as adopted by the Board.

**F. Cash and Cash Equivalents**

The Sheriff considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**G. Capital Assets**

The Sheriff is accountable for maintaining capital asset records pertaining to machinery and equipment used in his operations. The Board holds legal title for real property used by the Sheriff and is therefore accountable for such assets under Florida Law.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital assets purchased in the governmental fund types are recorded as expenditures (capital outlay) at the time of purchase. Assets acquired by the Sheriff are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. Donated and confiscated capital assets are recorded in the County's statement of net assets at fair value at the date of receipt. Capital assets are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, which is generally 5 to 7 years. Depreciation expense is recorded in the statement of activities in the government-wide financial statements of the County.

**H. Liability for Compensated Absences**

The Sheriff accrues a liability for employees' rights to receive a compensation for future absences when certain conditions are met. The Sheriff does not, nor is he legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly the liability for the compensated absences is not reported in the governmental funds. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.

**I. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**J. Related Organizations – Common Expenses**

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Sheriff. These expenses relating to the Sheriff's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**K. Subsequent Events**

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

**L. Fund Balance**

Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

*Nonspendable Fund Balance* – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation. The Sheriff is reporting restricted fund balances in the 2.50 fund and the Forfeiture Fund.

*Committed Fund Balance* – Amounts that are constrained for specific purposes imposed by the Sheriff's formal action of the highest level of decision making authority.

*Assigned Fund Balance* – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

*Unassigned Fund Balance* – Represents the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Implementation of Governmental Accounting Standards** - The Sheriff implemented Governmental Accounting Standards Boards Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*" during the fiscal year ended September 30, 2011. The requirements of this statement are effective for financial statement periods beginning after June 15, 2010. GASB 54 provides more detailed fund balance classifications than in the past, and it clarifies the existing governmental fund type definitions. It bases the divisions of fund balance on the types of constraints which limit the use of the resources reported in governmental funds. These individual classifications are described in the Fund Balance section of this footnote. The definitions of the General Fund and special revenue fund type are also clarified by the provisions in this statement.

**NOTE 2 - CASH AND INVESTMENTS**

All Sheriff depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Sheriff cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Sheriff held no investments at September 30, 2011.

**Interest Rate Risk**

At September 30, the Sheriff did not hold any investments that were considered to be an interest rate risk.

**Credit Risk**

At September 30, the Sheriff did not hold any investments that were considered to be a credit risk.

**Custodial Risk**

At September 30, the Sheriff did not hold any deposits or investment that was considered to be a custodial risk.

**Concentration of Credit Risk**

At September 30, 2011, the Sheriff did not hold any investments that were considered to be a concentration of credit risk.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – CAPITAL ASSETS**

The Sheriff maintains recordkeeping and custodial responsibility for certain tangible capital assets used by his office. These special-purpose financial statements do not include capital assets and the related depreciation in the governmental fund financial statements. The following information is reported as a component of the County's government-wide financial statements.

	<b><u>Balance</u></b> <b><u>9/30/2010</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balance</u></b> <b><u>9/30/2011</u></b>
Vehicles, equipment and furniture \$	1,123,995	\$ 197,321	\$ (317,523)	\$ 1,003,793
Accumulated depreciation	<u>(699,401)</u>	<u>(128,810)</u>	<u>281,641</u>	<u>(546,570)</u>
<b>Total</b>	<b><u>\$ 424,594</u></b>	<b><u>\$ 68,511</u></b>	<b><u>\$ (35,882)</u></b>	<b><u>\$ 457,223</u></b>

Depreciation expense for the year ended September 30, 2011 was \$128,810 computed on the straight-line method over the estimated useful lives of the assets, which is generally 3 to 7 years.

**NOTE 4 – EMPLOYEE BENEFITS**

**RETIREMENT PLAN**

**A. Plan Description**

All full-time employees of the County are eligible to participate in the State of Florida Retirement System (System), a cost-sharing multiple-employer public employee retirement system. The primary System is a defined benefit plan for all state, county, district school board, community college and university employees.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 4 – Employee Benefits (continued)**

years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

The Deferred Retirement Option Program (DROP) is a program that provides an alternative method for payment of retirement benefits for a specified and limited period for members of the System, effective July 1, 1998. Under this program, the employee may retire and have their benefits accumulate in the Florida Retirement System Trust Fund, earning interest, while continuing to work for a System employer. The participation in the program does not change conditions of employment.

When the DROP period ends, maximum of 60 months, employment must be terminated. At the time of termination of employment, the employee will receive payment of the accumulated DROP benefits, and begin receiving their monthly retirement benefit.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The most recent available report is for the plan year ended June 30, 2010. That report may be obtained by writing to Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, FL 32315-9000, by calling (877) 377-1737, or accessing their internet site at [http://www.rol.frs.state.fl.us/forms/2009-10 Annual Report.pdf](http://www.rol.frs.state.fl.us/forms/2009-10%20Annual%20Report.pdf).



**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 4 – EMPLOYEE BENEFITS (continued)**

**B. Funding Policy**

The funding method and the determination of benefits payable are provided in various acts of the Florida Legislature. Until July 1, 2011, these acts provide that employers pay all contributions at rates determined each year by the legislature. Beginning July 1, 2011 employees are required to contribute 3% of their earnings except for those in DROP. The rates, as a percentage of gross earnings, are as follows:

	<b><u>10/1/2010 through 6/30/2011</u></b>	<b><u>7/1/2011 through 9/30/2011</u></b>	<b><u>Employee 7/1/10 through 9/30/11</u></b>
Regular employees	10.77%	4.91%	3.0%
Elected County officials	18.64%	11.14%	3.0%
Special risk employees	23.25%	14.10%	3.0%
DROP plan participants	12.25%	4.42%	—

For the period October 1, 2010 through September 30, 2011, the total payroll for all covered employees was \$1,645,724 and the employer retirement contributions for all employees covered by FRS for the years ended September 30, 2011, 2010, and 2009 were \$252,251, \$277,917, and \$251,915 respectively, which is equal to the required contributions for each year. For 2011 these contributions represented 16.8% of covered payroll.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 5 – CHANGES IN LONG-TERM OBLIGATIONS**

<u>Installment contract</u>	<u>Balance 9/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2011</u>
Installment purchase agreement for vehicle, payable in monthly installments of \$4,323 including interest at 6% maturing in February 2013.	\$ —	\$ 74,616	\$ (4,323)	\$ 70,293
Installment purchase agreement for vehicle, payable in monthly installments of \$506 including interest at 6% maturing in December 2014.	—	21,500	(6,513)	14,987
Installment purchase agreement for vehicle, payable in monthly installments of \$594 including interest at 11%.	—	6,825	(6,825)	—
Total installment contracts	—	102,941	(17,661)	85,280
Accrued compensated absences	129,376	185,829	(180,385)	134,820
<b>Total long-term debt</b>	<b>\$ 129,376</b>	<b>\$ 288,770</b>	<b>\$ (198,046)</b>	<b>\$ 220,100</b>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensated time. See note 1 for a summary of the Sheriff's policy regarding compensated absences.

**NOTE 6 – INTERLOCAL AGREEMENTS**

The Sheriff has an interlocal agreement with the City of Wewahitchka, whereby personnel from the Gulf County Sheriff's office provide law enforcement services to the City of Wewahitchka. As consideration the Board of County Commission receives payments of \$33,600 annually from the City which is used by the Board to fund the Sheriff's annual budget.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 6 – INTERLOCAL AGREEMENTS (continued)**

The Gulf County Sheriff has a service agreement with the City of Port St. Joe Police Department, whereby the Gulf County Sheriff provides all dispatching services required within the City of Port St. Joe. The City of Port St. Joe pays the Gulf County Sheriff the sum of \$16,500 per quarter, in consideration of these services. The Sheriff received \$66,000 for the year ended September 30, 2011.

The Sheriff has an interlocal agreement with the Gulf County School Board (District), whereby the Sheriff provides School Resource Officers to the district. As consideration the Sheriff receives payments of \$26,250 per quarter from the District. The Sheriff received \$107,500 for the year ended September 30, 2011.

**NOTE 7 – RISK MANAGEMENT**

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs include; general liability, public employees blanket bond, automobiles and money and securities coverage.

The Sheriff provides for workers' compensation coverage under a retrospectively rated commercial insurance policy through the Board. Premiums are accrued based on the ultimate cost to – date of the Sheriff's experience for this type of risk.

The Sheriff has determined that it was not economically justifiable to carry comprehensive coverage on all vehicles. The Sheriff evaluates vehicles by age and condition to determine if comprehensive coverage is feasible, otherwise the Sheriff carries liability insurance on the aforementioned vehicles.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,200,000 for professional liability and \$3,100,000 for public officials' coverage.

**GULF COUNTY, FLORIDA - SHERIFF**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 8 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In accordance with Florida Statutes Section 112.0801, the Sheriff participates with Gulf County in offering retiring employees the opportunity to continue participating in the group insurance plan. Retirees who do not choose to continue participation lose eligibility to participate in the future.

Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The County subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The County currently has approximately 171 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

The details of the plan, methodology, and costs are more fully described in the Gulf County Notes to the Financial Statements.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

***Litigation*** – From time to time, the Sheriff is involved as a defendant or plaintiff in certain litigation and claims arising from the ordinary course of operations. It is reasonably possible that the liability for known and unknown claims existing at the balance sheet date may be material. However, the responsibility for such claims is with the County's Risk Management Program. Accordingly, no contingent liabilities have been accrued in the accompanying financial statements.

***Grants*** – The Sheriff is the recipient of grants that are subject to special compliance requirements and audits by the grantor agencies that may result in disallowed expense amount. These amounts constitute a contingent liability of the Sheriff. The Sheriff does not believe any contingent liabilities, if any, to be material to the financial statements.

## **COMBINING FINANCIAL STATEMENTS**

**GULF COUNTY, FLORIDA - SHERIFF  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**SEPTEMBER 30, 2011**

- **2.50 FUND** – Used to account for the activities related to funds received from employees.
- **FORFEITURE FUND** – Used to account for revenues and expenditures relating to various forfeitures.

**GULF COUNTY, FLORIDA - SHERIFF  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS –  
SPECIAL REVENUE FUNDS**

**SEPTEMBER 30, 2011**

	<u>2.50 Fund</u>	<u>Forfeiture Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,428	\$ 9,155	\$ 14,583
<b>Total Assets</b>	<u><b>5,428</b></u>	<u><b>9,155</b></u>	<u><b>14,583</b></u>
<b>Liabilities and Fund Balances</b>			
Liabilities	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total Liabilities</b>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - Restricted	<u>5,428</u>	<u>9,155</u>	<u>14,583</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 5,428</b></u>	<u><b>\$ 9,155</b></u>	<u><b>\$ 14,583</b></u>

**GULF COUNTY, FLORIDA - SHERIFF**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN RESTRICTED FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>2.50 Fund</u>	<u>Forfeiture Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Miscellaneous	\$ 8,638	\$ —	\$ 8,638
<b>Total Revenues</b>	<u>8,638</u>	<u>—</u>	<u>8,638</u>
<b>Expenditures</b>			
Public safety			
Operating expenditures	7,350	2,273	9,623
<b>Total Expenditures</b>	<u>7,350</u>	<u>2,273</u>	<u>9,623</u>
Excess (deficit) of revenues over (under) expenditures	1,288	(2,273)	(985)
<b>Other financing sources (uses)</b>			
Transfers in from other funds	—	5,000	5,000
<b>Total Other financing sources (uses)</b>	<u>—</u>	<u>5,000</u>	<u>5,000</u>
Net change in fund balances	1,288	2,727	4,015
<b>Fund balances - beginning</b>	<u>4,140</u>	<u>6,428</u>	<u>10,568</u>
<b>Fund balances - ending</b>	<u>\$ 5,428</u>	<u>\$ 9,155</u>	<u>\$ 14,583</u>



## **COMPLIANCE SECTION**

**Vance CPA, LLC**  
***Certified Public Accountant***  
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**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

To the Honorable Joe Nugent  
Gulf County Sheriff  
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Sheriff as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 31, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2012 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Sheriff complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Sheriff has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Sheriff, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012

# Vance CPA, LLC

*Certified Public Accountant*

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Joe Nugent  
Gulf County Sheriff  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Sheriff, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 31, 2012, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness.

11-01 (Prior year 10-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Sheriff's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

The Sheriff's response to the finding identified in our audit is included above. We did not audit the Sheriff's response and accordingly, we express no opinion on them.

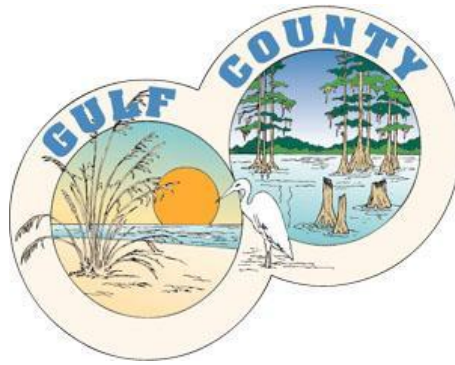
#### Compliance and other matters

As part of obtaining reasonable assurance about whether the Sheriff's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Sheriff, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

Vance CPA LLC  
March 31, 2012



## **Gulf County, Florida Tax Collector**

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**Special-Purpose  
Financial Statements  
September 30, 2011**

**Vance CPA, LLC**

*Certified Public Accountant*

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Panama City Beach, Florida 32408

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**GULF COUNTY, FLORIDA  
TAX COLLECTOR  
SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Shirley J. Jenkins  
Gulf County Tax Collector  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Tax Collector as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Tax Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Tax Collector's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These special-purpose financial statements are not intended to be a complete presentation of the Tax Collector's financial position and its changes in financial position, where applicable, therefore, for the year then ended, in conformity with accounting principles generally accepted in the United States. Additionally, the special-purpose statements present only the Tax Collector and do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2011, and the changes in its financial position, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States.



In our opinion, the special-purpose financial statements, referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2011, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2012, on our consideration of the Tax Collector's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Tax Collector, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012

**GULF COUNTY, FLORIDA  
TAX COLLECTOR**

**SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2011**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 529</u>
<b>Total Assets</b>	<u><b>529</b></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Deferred Revenue	385
Due to Board of County Commissioners	<u>144</u>
<b>Total Liabilities</b>	<u><b>529</b></u>
Fund Balances	<u>—</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 529</b></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
TAX COLLECTOR**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>
<b>REVENUES</b>	
Interest and other income	\$ 531
<b>Total Revenues</b>	<b><u>531</u></b>
<b>EXPENDITURES</b>	
General government	
Personal services	347,569
Operating expenditures	<u>76,690</u>
<b>Total Expenditures</b>	<b><u>424,259</u></b>
Excess (deficit) of revenues over (under) expenditures	<u>(423,728)</u>
<b>Other financing sources (uses)</b>	
Transfers from Board of County Commissioners	<u>423,728</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>423,728</u></b>
<b>Net change in fund balances</b>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>
<b>Fund balances - ending</b>	<b><u><u>\$ —</u></u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
TAX COLLECTOR**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Interest and other income	—	531	531	—
<b>Total revenues</b>	<u>\$ —</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ —</u>
<b>Expenditures:</b>				
General Government				
Personal services	345,439	347,569	347,569	—
Operating expenditures	<u>50,713</u>	<u>76,690</u>	<u>76,690</u>	<u>—</u>
<b>Total expenditures</b>	<u>396,152</u>	<u>424,259</u>	<u>424,259</u>	<u>—</u>
Excess (deficit) of revenues over (under) expenditures	<u>(396,152)</u>	<u>(423,728)</u>	<u>(423,728)</u>	<u>—</u>
<b>Other financing sources (uses)</b>				
Transfers from Board of County Commissioners	<u>396,152</u>	<u>423,728</u>	<u>423,728</u>	<u>—</u>
Total other financing Sources (uses)	<u>396,152</u>	<u>423,728</u>	<u>423,728</u>	<u>—</u>
<b>Net change in fund balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
TAX COLLECTOR**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND**

**SEPTEMBER 30, 2011**

**ASSETS**

Cash and Cash Equivalents	<u>\$ 582,853</u>
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<b>Total Assets</b>	<b><u>\$ 582,853</u></b>
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**LIABILITIES AND FUND BALANCES**

Liabilities	
Accounts payable	300
Due to individuals	488,181
Due to other governments	73,282
Due to Board of County Commissioners	<u>21,090</u>

<b>Total Liabilities</b>	<b><u>\$ 582,853</u></b>
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See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Tax Collector of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Tax Collector is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Tax Collector is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balance and activity of the Tax Collector's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Tax Collector are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board at year end. These excess fees are reported as a liability and as transfers out to the Board or deducted from fees earned for amounts distributed to other governments.

The accounting policies of the Tax Collector conform to accounting principles generally accepted in the United States of America, as applicable to governments.

**B. Basis of Presentation – Fund Accounting**

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Tax Collector utilizes the following fund types:

**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Types**

*General Fund* – The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in other funds.

**Fiduciary Fund Type**

*Agency Funds* – The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Tax Collector considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

**D. Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Budgetary Requirements**

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Tax Collector. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

**F. Capital Assets**

Capital assets purchased in the governmental fund type in excess of \$1,000 are recorded as expenditures (capital outlay) at the time of purchase. Capital assets acquired are reported as capital assets in the statement of net assets as part of the basic financial statement for Gulf County. The Tax Collector maintains custodial responsibility for the capital assets used by the office.

The Tax Collector also utilizes certain computer equipment and software for vehicle and boat registrations and driver's license processing which belong to the State of Florida Department of Highway Safety and Motor Vehicles (DMV) and software licensed to the State of Florida Fish and Wildlife Conservation Commission (FFWCC). The cost of this equipment is not recognized in the statement of net assets of the County because ownership of the equipment and software is maintained by the DMV and FFWCC.

**G. Liability for Compensated Absences**

The Tax Collector accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met. The Tax Collector does not, nor is legally required to, accumulate expendable available resources to liquidate this obligation. Accordingly, the liability for the compensated absences is not reported in the governmental fund. However, the current and long-term portion of the liability for compensated absences is reported at the county wide financial statement level.



**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Related Organizations – Common Expenses**

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses relating to the Tax Collector's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**I. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Chapter 197, Florida Statutes, governs property tax collections.

■ **Current Taxes**

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

■ **Unpaid Taxes – Sale of Tax Certificates**

The Tax Collector advertises, as required by Florida Statutes, then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

■ **Tax Deeds**

The owner of a tax certificate may, after two years when the taxes have been delinquent (after April 1), file an application for tax deed sale. The County, as certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Tax Collector of the Court administers these sales.

**J. Subsequent Events**

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

**NOTE 2 - CASH AND INVESTMENTS**

All Tax Collector depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Tax Collector cash consists of checking accounts and interest-bearing time deposits in a local bank.

**Investments**

The Tax Collector held no investments at September 30, 2011.

**Interest Rate Risk**

At September 30, 2011, the Tax Collector did not hold any investments that were considered to be an interest rate risk.

**Credit Risk**

At September 30, 2011 the Tax Collector did not hold any investments that were considered to be a credit risk.

**Custodial Risk**

At September 30, 2011 the Tax Collector did not hold any deposits or investments that were considered to be a custodial risk.

**GULF COUNTY, FLORIDA - TAX COLLECTOR  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 2 - CASH AND INVESTMENTS (continued)**

**Concentration of Credit Risk**

At September 30, 2011 the Tax Collector did not hold any deposits or investments that were considered to be a credit risk.

**NOTE 3 – EMPLOYEE BENEFITS**

**RETIREMENT PLAN**

**A. Plan Description**

The Tax Collector participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

**B. Funding Policy**

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. Prior to July 1, 2011 these acts provide that employers pay all contributions at rates determined each year by the legislature. Beginning July 1, 2011 employees are required to contribute 3% of their earnings to retirement. The rates for employees, as a percentage of gross earnings, are as follows:

	<b><u>10/1/2010 through 6/30/2011</u></b>	<b><u>7/1/2011 through 9/30/2011</u></b>
Regular employees	10.77%	4.91%
Elected county officials	18.64%	1.14%
Special risk employees	23.25%	14.02%
Deferred Retirement Option Program (DROP)	12.25%	4.42%

**GULF COUNTY, FLORIDA - TAX COLLECTOR**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011 the total payroll for all employees was \$314,006 and the retirement contributions for all employees' covered by the System for the years ended September 30, 2011, 2010 and 2009 were \$33,563, \$35,053 and \$34,529 respectively, which is equal to the required contributions. These contributions represented 11.47% of covered payroll for the current year.

**NOTE 4 – CHANGES IN LONG-TERM OBLIGATIONS**

The following is a summary of the changes in long-term obligations of the Tax Collector for the year ended September 30, 2011:

	<u>Balance</u> <u>9/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2011</u>
Accumulated compensated absences	\$ 14,853	\$ —	\$ (3,672)	\$ 11,181

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See note 1 for a summary of the Tax Collector's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

The portion of compensated absences liability estimated to be paid during the next year (current portion) is \$5,940.

**NOTE 5 – RISK MANAGEMENT**

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Tax Collector participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

## **COMBINING FINANCIAL STATEMENTS**

**GULF COUNTY, FLORIDA - TAX COLLECTOR  
COMBINING STATEMENT OF FIDUCIARY  
ASSETS AND LIABILITIES  
AGENCY FUNDS**

**SEPTEMBER 30, 2011**

	<u><b>Taxes</b></u>	<u><b>Tag</b></u>	<u><b>Hunting &amp; Fishing</b></u>	<u><b>Tourist Development</b></u>	<u><b>Total Agency Funds</b></u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 538,993	\$ 41,691	\$ 2,165	\$ 4	\$ 582,853
<b>Total assets</b>	<u>538,993</u>	<u>41,691</u>	<u>2,165</u>	<u>4</u>	<u>582,853</u>
<b>Liabilities &amp; Fund Balances:</b>					
Liabilities:					
Accounts payable	300	—	—	—	300
Due to individuals	488,181	—	—	—	488,181
Due to other governments	40,270	33,008	—	4	73,282
Due to Board of County Commissioners	<u>10,242</u>	<u>8,683</u>	<u>2,165</u>	<u>—</u>	<u>21,090</u>
<b>Total Liabilities</b>	<u><b>\$ 538,993</b></u>	<u><b>\$ 41,691</b></u>	<u><b>\$ 2,165</b></u>	<u><b>\$ 4</b></u>	<u><b>\$ 582,853</b></u>

## **COMPLIANCE SECTION**



# Vance CPA, LLC

*Certified Public Accountant*

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Shirley J. Jenkins  
Gulf County Tax Collector  
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Tax Collector as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 31, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2012 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Tax Collector complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Tax Collector has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Tax Collector, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012

# Vance CPA, LLC

*Certified Public Accountant*

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Shirley J. Jenkins  
Gulf County Tax Collector  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Tax Collector, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 31, 2012, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness.

11-01 (Prior year 10-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Tax Collector's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

The Tax Collector's response to the finding identified in our audit is included above. We did not audit the Tax Collector's response and accordingly, we express no opinion on them.

#### Compliance and other matters

As part of obtaining reasonable assurance about whether the Tax Collector's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Tax Collector, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012



## **Gulf County, Florida Property Appraiser**

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**Special-Purpose  
Financial Statements  
September 30, 2011**

### **Vance CPA, LLC**

*Certified Public Accountant*

6201 Thomas Drive

Panama City Beach, Florida 32408

*Tel. (888) 531-6408 • Fax (866) 406-7422*

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**GULF COUNTY, FLORIDA  
PROPERTY APPRAISER  
SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Kesley Colbert  
Gulf County Property Appraiser  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Property Appraiser, as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Property Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Property Appraiser's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These special-purpose financial statements are not intended to be a complete presentation of the Property Appraiser's financial position and its changes in financial position, where applicable, therefore, for the year then ended, in conformity with accounting principles generally accepted in the United States. Additionally, the special-purpose statements present only the Property Appraiser and do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2011, and the changes in its financial position, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements, referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Property Appraiser as of September 30, 2011, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2012, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Property Appraiser, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012



**GULF COUNTY, FLORIDA  
PROPERTY APPRAISER**

**SPECIAL-PURPOSE BALANCE SHEET  
GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2011**

	<b><u>General Fund</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 47,053
Accounts receivable (net)	<u>1,756</u>
<b>Total Assets</b>	<b><u>48,809</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable and accrued expenses	4,376
Due to Board of County Commissioners	<u>44,433</u>
<b>Total Liabilities</b>	<b><u>48,809</u></b>
Fund Balances	<u>—</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$ 48,809</u></u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
PROPERTY APPRAISER**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>
<b>REVENUES</b>	
Interest and other income	\$ —
<b>Total Revenues</b>	<u>—</u>
<b>EXPENDITURES</b>	
General government	
Personal services	292,410
Operating expenditures	<u>61,484</u>
<b>Total Expenditures</b>	<b><u>353,894</u></b>
Excess (deficit) of revenues over (under) expenditures	<u>(353,894)</u>
<b>Other financing sources (uses)</b>	
Transfers from Board of County Commissioners	395,327
Transfers to Board of County Commissioners	<u>(41,433)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>353,894</u></b>
<b>Net change in fund balances</b>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>
<b>Fund balances - ending</b>	<b><u>\$ —</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
PROPERTY APPRAISER**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Interest and other income	\$ —	\$ —	\$ —	\$ —
<b>Total revenues</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Expenditures:</b>				
General Government				
Personal services	329,723	321,809	292,410	29,398
Operating expenditures	57,422	67,068	61,484	5,584
Capital outlay	<u>6,451</u>	<u>6,451</u>	<u>—</u>	<u>6,451</u>
<b>Total expenditures</b>	<u>393,596</u>	<u>395,327</u>	<u>353,894</u>	<u>41,433</u>
Excess (deficit) of revenues over (under) expenditures	<u>(393,596)</u>	<u>(395,327)</u>	<u>(353,894)</u>	<u>41,433</u>
<b>Other financing sources (uses)</b>				
Transfers from Board of County Commissioners	393,596	395,327	395,327	—
Transfers to Board of County Commissioners	<u>—</u>	<u>—</u>	<u>(41,433)</u>	<u>(41,433)</u>
<b>Total other financing Sources (uses)</b>	<u>393,596</u>	<u>395,327</u>	<u>353,894</u>	<u>(41,433)</u>
<b>Net change in fund balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Fund balances - ending</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Property Appraiser of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Property Appraiser is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Property Appraiser is considered to be a part of the primary government of Gulf County, Florida and the financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balances and activity of the Property Appraiser's office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Property Appraiser are funded by the Gulf County Board of County Commissioners (Board). The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financial sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Property Appraiser conform to accounting principles generally accepted in the United States of America, as applicable to governments.

**B. Basis of Presentation – Fund Accounting**

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Property Appraiser utilizes the following fund types:

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Types**

*General Fund* – The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except for those required to be accounted for in other funds.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Property Appraiser considers receivable collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

**D. Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

**E. Budgetary Requirements**

Florida Statutes, Chapter 195.087 govern the preparation, adoption and administration of the annual budget of the Property Appraiser. The budget and subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue (FDOR) for approval. A copy of the budget is also provided to the Board.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriation categories (personal services, operating expenditures, capital outlay, and debt service) must be approved by FDOR. Transfers between expenditure items within the same appropriation category do not need approval by FDOR. The budget is prepared on the modified accrual basis of accounting. General fund appropriations lapse at the end of the fiscal year to the extent they have not been expended.

**F. Capital Assets**

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser maintains custodial responsibility for the capital assets used by his office.

**G. Liability for Compensated Absences**

Permanent full-time employees of the Property Appraiser accrue sick leave based upon pay periods worked and earned vacation time related to length of employment with the Property Appraiser's office. The vacation and sick time must be taken during the year earned and no payment for vacation or sick leave is made at termination.

**H. Related Organizations – Common Expenses**

Certain expenditures, which are common to the Board and all Constitutional Officers, are reported as expenses of the Board and, therefore, are not budgeted by or allocated to the Tax Collector. These expenses relating to the Property Appraiser's courthouse facilities are:

- Occupancy costs
- Janitorial services
- Utilities (except telephone)
- Property insurance

**I. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Subsequent Events**

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

**K. Fund Balance**

Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

*Nonspendable Fund Balance* – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Amounts that are constrained for specific purposes imposed by the Property Appraiser's formal action of the highest level of decision making authority.

*Assigned Fund Balance* – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

*Unassigned Fund Balance* – Represents the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

**L. Implementation of Governmental Accounting Standards**

The Property Appraiser implemented Governmental Accounting Standards Boards Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*" during the fiscal year ended September 30, 2011. The requirements of this statement are

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

effective for financial statements periods beginning after June 15, 2010. GASB 54 provides more detailed fund balance classifications than in the past, and it clarifies the existing governmental fund type definitions. It bases the divisions of fund balance on the types of constraints which limit the use of the resources reported in governmental funds. These individual classifications are described in the Fund Balance section of this footnote. The definitions of the General Fund and special revenue fund type are also clarified by the provisions in this statement.

**NOTE 2 - CASH AND INVESTMENTS**

All Property Appraiser depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Property Appraiser cash consists of checking accounts and interest-bearing time deposits in a local bank.

**Investments**

The Property Appraiser held no investments at September 30, 2011.

**Interest Rate Risk**

At September 30, 2011, the Property Appraiser did not hold any investments that were considered to be an interest rate risk.

**Credit Risk**

At September 30, 2011 the Property Appraiser did not hold any investments that were considered to be a credit risk.

**Custodial Risk**

At September 30, 2011 the Property Appraiser did not hold any deposits or investments that were considered to be a custodial risk.

**Concentration of Credit Risk**

At September 30, 2011 the Property Appraiser did not hold any deposits or investments that were considered to be a credit risk.



**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – EMPLOYEE BENEFITS**

**RETIREMENT PLAN**

**A. Plan Description**

The Property Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

**GULF COUNTY, FLORIDA - PROPERTY APPRAISER  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 3 – EMPLOYEE BENEFITS (continued)**

**B. Funding Policy**

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. Through July 1, 2011, these acts provide that employers pay all contributions at rates determined each year by the legislature. As of July 1, 2011 employees contribute 3% of their earnings to retirement. The rates for employers, as a percentage of gross earnings, are as follows:

	<b><u>10/1/2010 through 6/30/2011</u></b>	<b><u>7/1/2011 through 9/30/2011</u></b>
Regular employees	10.77%	4.91%
Elected county officials	18.64%	11.14%
Special risk employees	23.25%	14.10%
DROP plan participants	12.25%	4.42%

Chapter 121 Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011 the total payroll for all employees was \$262,907 and the retirement contributions for all employees' coverage by FRS for the years ended September 30, 2011, 2010 and 2009 were \$31,114, \$31,010 and \$27,730 respectively, which is equal to the required contributions. These contributions represented 12.4% of covered payroll for the current year.

**NOTE 4 –RISK MANAGEMENT**

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and the public; or damage to property of others. The Property Appraiser participates in the risk management program through the Gulf County Board of County Commissioners, which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property damage
- Public employee's bond
- Workers' compensation
- General and automobile liability

## **COMPLIANCE SECTION**

# Vance CPA, LLC

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Kesley Colbert  
Gulf County Property Appraiser  
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Property Appraiser as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 31, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2012 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Property Appraiser complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Property Appraiser was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Property Appraiser has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Property Appraiser, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.



**Vance CPA LLC**  
March 31, 2012

# Vance CPA, LLC

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Kesley Colbert  
Gulf County Property Appraiser  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Property Appraiser, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 31, 2012, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness.

11-01 (Prior year 10-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Property Appraiser's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

The Property Appraiser's response to the finding identified in our audit is included above. We did not audit the Property Appraiser's response and accordingly, we express no opinion on them.

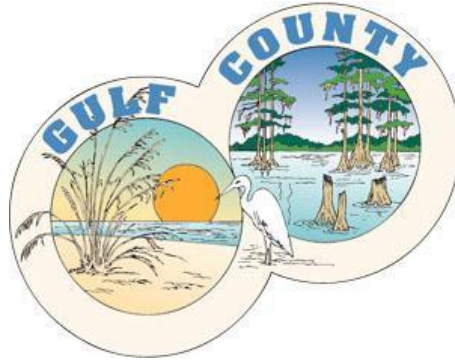
#### Compliance and other matters

As part of obtaining reasonable assurance about whether the Property Appraiser's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Property Appraiser, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012



## **Gulf County, Florida Supervisor of Elections**

**Special-Purpose  
Financial Statements  
September 30, 2011**

### **Vance CPA, LLC**

*Certified Public Accountant*

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Panama City Beach, Florida 32408

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**GULF COUNTY SUPERVISOR OF ELECTIONS  
SEPTEMBER 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Linda Griffin  
Gulf County Supervisor of Elections  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of the Gulf County, Florida, Supervisor of Elections as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Supervisor of Elections. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. We were not engaged to perform an audit of the Supervisor of Election's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Election's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying special-purpose financial statements referred to above were prepared for the purpose of complying with Section 218.39, *Florida Statutes*, and Chapter 10.557(3), *Rules of the Auditor General for Local Governmental Entity Audits*. These special-purpose financial statements are not intended to be a complete presentation of the Supervisor of Election's financial position and its changes in financial position, where applicable, therefore, for the year then ended, in conformity with accounting principles generally accepted in the United States. Additionally, the special-purpose statements present only the Supervisor of Elections and do not purport to, and do not, present fairly the financial position of Gulf County, Florida, as of September 30, 2011, and the changes in its financial position, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the special-purpose financial statements, referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Supervisor of Elections as of September 30, 2011, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2012, on our consideration of the Supervisor of Election's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Supervisor of Elections, management, the Board of County Commissioners and State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012

**GULF COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2011**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 6,301</u>
<b>Total Assets</b>	<u><b>6,301</b></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable and accrued expenses	62
Deferred Revenue	2,523
Due to Board of County Commissioners	<u>3,716</u>
<b>Total Liabilities</b>	<u><b>6,301</b></u>
Fund Balances	<u>—</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 6,301</b></u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<b>General Fund</b>
<b>REVENUES</b>	
Intergovernmental revenue	\$ —
<b>Total Revenues</b>	<u>—</u>
<b>EXPENDITURES</b>	
General government	
Personal services	169,586
Operating expenditures	<u>43,854</u>
<b>Total Expenditures</b>	<b><u>213,440</u></b>
Excess (deficit) of revenues over (under) expenditures	<u>(213,440)</u>
<b>Other financing sources (uses)</b>	
Transfers from Board of County Commissioners	217,156
Transfers to Board of County Commissioners	<u>(3,716)</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>213,440</u></b>
<b>Net change in fund balances</b>	<u>—</u>
<b>Fund balances - beginning</b>	<u>—</u>
<b>Fund balances - ending</b>	<b><u>\$ —</u></b>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA  
SUPERVISOR OF ELECTIONS**

**SPECIAL-PURPOSE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – GENERAL FUND**

**YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Budget Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental revenue	\$ —	\$ —	\$ —	\$ —
<b>Total revenues</b>	—	—	—	—
<b>Expenditures:</b>				
General government				
Personal services	169,855	171,055	169,586	1,469
Operating expenditures	66,813	66,813	43,854	22,959
Capital outlay	—	—	—	—
<b>Total expenditures</b>	<u>236,668</u>	<u>237,868</u>	<u>213,440</u>	<u>24,428</u>
Excess (deficit) of revenues over (under) expenditures	<u>(236,668)</u>	<u>(237,868)</u>	<u>(213,440)</u>	<u>24,428</u>
<b>Other financing sources (uses)</b>				
Transfers from Board of County Commissioners	236,668	237,868	217,156	(20,712)
Transfers to Board of County Commissioners	—	—	(3,716)	(3,716)
<b>Total other financing Sources (uses)</b>	<u>236,668</u>	<u>237,868</u>	<u>213,440</u>	<u>(24,428)</u>
<b>Net change in fund balances</b>	—	—	—	—
<b>Fund balances - beginning</b>	—	—	—	—
<b>Fund balances - ending</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to the basic financial statements

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Supervisor of Elections of Gulf County, Florida is an elected Constitutional Officer of Gulf County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Supervisor of Elections is a separate constitutional officer as provided for by Chapter 218, Florida Statutes. The Supervisor of Elections is considered to be a part of the primary government of Gulf County, Florida and her financial information is included in Gulf County's county-wide financial statements.

These special-purpose financial statements include only the balances and operations of the Supervisor of Elections office. They have been prepared for the purpose of complying with Section 10.557, *Rules of the Auditor General for Local Government Entity Audits*, and are not intended to be a complete presentation of the financial position of the County, or the changes in financial position or where applicable, cash flows, thereof, in conformity with accounting principles generally accepted in the United States of America.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year end.

The accounting policies of the Supervisor of Elections conform to accounting principles generally accepted in the United States of America as applicable to governments.

**B. Basis of Presentation**

Accounts are organized on the basis of fund types, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Supervisor of Elections utilizes the following fund type:

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Governmental Fund Type**

*General Fund* – The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in other funds.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared using the modified accrual basis of accounting for governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on long-term obligations which is recorded when due.

The Supervisor of Elections considers receivables collected within 60 days after year end to be available and susceptible to accrual as revenues of the current year. Charges for services and interest earned are susceptible to accrual.

**D. Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. General fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly they present a summary of sources and uses of “available spendable resources” during a period.



**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Budgets Requirements**

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund. Florida Statutes Chapter 129.201 governs the preparation, adoption, and administration of the Supervisor of election's annual budget.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

**F. Capital Assets**

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections maintains custodial responsibility for the capital assets used by the office.

**G. Liability for Compensated Absences**

Permanent full-time employees of the Supervisor of Elections accrue sick and annual leave based on pay period worked and must be taken during the fiscal year earned. No payment for vacation or sick leave is made at termination.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

**I. Subsequent Events**

Management evaluates subsequent events for possible inclusion in the financial statement disclosures through the issuance date of the financial statements.

**NOTE 2 - CASH AND INVESTMENTS**

All Supervisor of Elections depositories are banks designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to insure monies in banks and savings and loans are collateralized with the Treasurer as an agent for the public entities. All Supervisor of Elections cash consists of checking accounts and interest-bearing time deposits in a local bank.

The Supervisor of Elections held no investments at September 30, 2011.

**Interest Rate Risk**

At September 30, the Supervisor of Elections did not hold any investments that were considered to be an interest rate risk.

**Credit Risk**

At September 30, the Supervisor of Elections did not hold any investments that were considered to be a credit risk.

**Custodial Risk**

At September 30, the Supervisor of Elections did not hold any deposits or investment that were considered to be a custodial risk.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 2 - CASH AND INVESTMENTS (continued)**

**Concentration of Credit Risk**

At September 30, 2011, the Supervisor of Elections did not hold any investments that were considered to be a concentration of credit risk.

**NOTE 3 - EMPLOYEE BENEFITS**

**RETIREMENT PLAN**

**A. Plan Description**

In accordance with Florida Law, the Supervisor of Elections participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, 1317 Winewood Blvd., Bldg B, Tallahassee, Florida, 32399-1560.

Employees hired prior to July 1, 2011 participating in the Pension Plan who retire at or after age 62 with 6 years of credited service for regular risk or with 30 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 55 with 6 years or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, up to 3.0% for each year of credited service times their final average compensation. Final average compensation is the employee's average of the five highest years of salary earned during credited service. Vested employees may retire before age 62 for regular risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS**  
**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 4 – EMPLOYEE BENEFITS (continued)**

Employees hired on July 1, 2011 or later participating in the Pension Plan who retire at or after age 65 with 8 years of credited service for regular risk or with 33 years of service regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% for regular employees, 2.0% for senior management, and 3.0% for county elected officials of their final average compensation for each year of credited service; and for special risk, after age 60 with 8 years or with 30 years of service and age 57 or after 30 years of special risk service regardless of age, or after 33 years of any creditable service are entitled to a retirement benefit payable monthly for life. Vested employees may retire before age 65 for regular risk and 60 for special risk and receive retirement benefits that are reduced 5.0% for each year prior to normal retirement age.

FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees.

**B. Funding Policy**

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. Until July 1, 2011 these acts provide that employers pay all contributions at rates determined each year by the legislature. Beginning July 1, 2011 employees are required to contribute 3% of their earnings to retirement. The rates, as a percentage of gross earnings, are as follows:

	<b><u>10/1/2010 through 6/30/2011</u></b>	<b><u>7/1/2011 through 9/30/2011</u></b>
Regular employees	10.77%	4.91%
Elected county officials	18.64%	11.14%
Special risk employees	23.25%	14.02%
DROP plan participants	12.25%	4.42%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2011 the total payroll for all employees was \$155,471 and the retirement contributions for all employees' covered by the System for the years ended September 30, 2011, 2010 and 2009 were \$14,115, \$15,108 and \$13,496 respectively, which is equal to the required contribution. These contributions represented 10.03% of covered payroll for the current year.

**GULF COUNTY, FLORIDA - SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2011**

**NOTE 4 – RISK MANAGEMENT**

The Supervisor of elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The supervisor of Elections participates in the risk management program through the Gulf County Board of County Commissioners which uses commercial insurance to cover certain risks from loss.

The Board obtained commercial insurance against losses for the following types of risk:

- Real and personal property
- Public employees' bond
- Workers' compensation
- General and automobile liability

## **COMPLIANCE SECTION**

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Linda Griffin  
Gulf County Supervisor of Elections  
Gulf County, Florida

We have audited the special-purpose financial statements of the Gulf County, Florida, Supervisor of Elections as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated March 31, 2012.

We conducted our audit in accordance with audit standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated March 31, 2012 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to the extent considered necessary, other than for those comments repeated in the Report on Internal Control over financial reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Supervisor of Elections complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts, grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). The Supervisor of Elections has no component units.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information of the Supervisor of Elections, management, the Florida Auditor General, and the Board of County Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012



# Vance CPA, LLC

*Certified Public Accountant*

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Linda Griffin  
Gulf County Supervisor of Elections  
Gulf County, Florida

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Gulf County, Florida, Supervisor of Elections, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 31, 2012, which describes that such special-purpose financial statements have been prepared for the purpose of complying with section 218.39, *Florida Statutes*, and Chapter 10.577(3), *Rules of the Auditor General for Local Government Entity Audits*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Supervisor of Election's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on effectiveness of the Supervisor of Election's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness.

11-01 (Prior year 10-01) Lack of segregation of duties – Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate. The limited number of employees precludes proper segregation of duties in the Supervisor of Election's office. We recommend that in the absence of the ability to hire additional employees, that mitigating procedures including additional oversight with regard to certain duties be performed regularly to reduce the risks caused by this lack of segregation of duties.

Management's response – Due to the limited number of employees, it is virtually impossible to maintain complete separation of accounting and administrative duties among employees. However, every effort is being made to accomplish effective internal procedures.

The Supervisor of Election's response to the finding identified in our audit is included above. We did not audit the Supervisor of Election's response and accordingly, we express no opinion on them.

#### Compliance and other matters

As part of obtaining reasonable assurance about whether the Supervisor of Election's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Supervisor of Elections, management, the Board of County Commissioners and the State of Florida Office of the Auditor General, and appropriate federal and state awarding agencies entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vance CPA LLC*

**Vance CPA LLC**  
March 31, 2012